



THE INDEPENDENT

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Battle for the soul of Labour

Old and new collide in Swindon

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Meet AS Byatt, erotic novelist

A new trend in publishing

Section Two, page 10

Figures reveal a nation profligate in use of energy and ignoring the warnings on waste Britain is burning up its future

NICHOLAS SCHOON
Environment Correspondent

A worrying picture of Britain as a nation prodigal in its use of energy and having ignored the international warnings of the past 25 years is revealed in official figures published today.

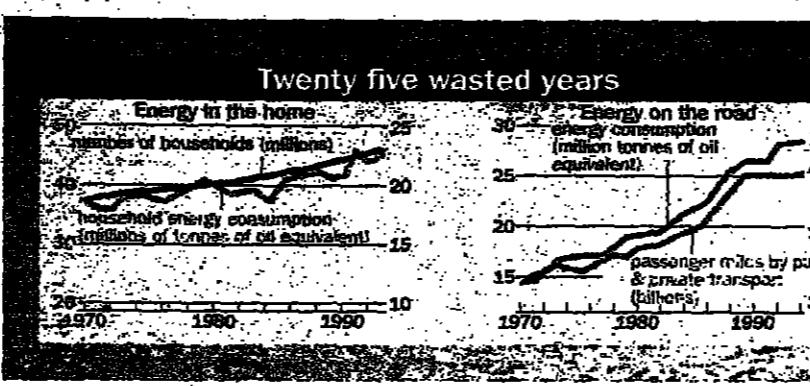
The average British home consumes as much fuel each year as it did in 1970, in spite of two oil-price shocks caused by Middle East wars and a succession of government energy-efficiency campaigns. Transport of both people and freight consumes about twice as much energy as it did 25 years ago, yet there has been no gain at all in energy efficiency.

The figures, which have been compiled after a call for action at the 1992 Earth Summit in Rio de Janeiro, will alarm environmental groups. They show a dis-

regard for finite natural resources, and make clear that global warming, acid rain and urban smog pollutants are likely to continue as a global hazard well into the next century.

The revelations are made in a long list of "state of the environment" indicators, to be unveiled by John Gummer, Secretary of State for the Environment, today. Statistics in his department say that publication of the figures make Britain a world leader in terms of openness about its environmental performance.

But at least one-third of the indices reveal that our environmental performance is getting worse. Britons travel almost twice the distance they did in 1970, but in doing so they consume more than twice as much fuel. This has happened because people walk and cycle less, and



have also switched from more energy-efficient public transport to private cars.

Furthermore, cars have shown no improvement in miles per gallon for nearly a decade, with manufacturers choosing to concentrate on acceleration, high speeds, luxury and safety features instead.

Lorries have become much larger, which should in theory mean freight transport wastes less energy. In fact there has been no improvement; this is thought to reflect the decline in rail freight and changes in retail and factory distribution. "I'm surprised at this finding," a spokesman for the Freight

Transport Association declared. The average home uses as much electricity as it did in 1970, showing that in spite of the growing range of electrical appliances, they have become more efficient. But we also use as much fuel to heat our homes, despite two decades in which governments have promoted

and subsidised draught-proofing and better insulation.

Anna Stanford, energy campaigner with Friends of the Earth, said: "No improvement over 25 years is pretty outrageous. It's extremely disappointing, because saving energy is not just about cutting fuel bills and reducing pollution but

about boosting competitiveness, jobs and the economy."

The Government will point out that today's home heating is mostly done by gas, whereas 25 years ago coal dominated. Gas is a much less polluting than coal - but it will also run out long before coal does. Furthermore, while transport and households have shown no improvement, the new indices show that industry does perform much better.

Mr Gummer will be presenting the charts and graphs to the press today. Yesterday, he missed a chance to minimise his personal impact on the environment - having chosen to travel by Concorde to New York for a day trip and return to London subsonically.

The supersonic aircraft uses far more passenger fuel than any other, while also harming the ozone layer. Mr Gummer, whose flight was paid for by taxpayers, was attending a meeting of "internationally eminent persons" selected by UN General Secretary Boutros Ghali. The panel is planning a UN environment conference later this year.

Andrew Warren, director of industry lobby group the Association for the Conservation of Energy, said the Government had failed to regulate the increasingly privatised fuel market in a way which encouraged energy efficiency.

An internal British Gas memo was leaked to him at the weekend. Rob Leonard, director of business development for one of the nation's biggest energy companies, wrote that he did not "want to take a high profile on the issue ... there is no bottom-line benefit."

PLO: We're ready to shoot at Israelis

PATRICK COCKBURN
Jerusalem

Palestinian soldiers and police in Gaza and the West Bank have received orders to shoot back if Israel tries to reoccupy the areas from which it has withdrawn under the Oslo peace accords, a senior Palestinian official has said.

"Our forces will fight, of course. They have already received their orders," said Marwan Barghouti, the general secretary of Fatah, the main Palestinian political movement, on the West Bank yesterday. It is the first time a senior Palestinian leader has spelled out what will happen if Israel fulfils its threat to re-enter Palestinian towns and cities in response to the suicide bombing campaign.

Mr Barghouti, a veteran leader of the Palestinians in the West Bank, said the difference between Gaza when Israel left it in 1994 and today is that it is now held by 20,000 Palestinian police. He claimed an actual number, patently false, in his statement.

He self-evidently and rapidly, the first time, West Bank under un-

EXCLUSIVE

PATRICK COCKBURN

preceded pressure because Israel has stopped all movement into or out of 465 villages and seven towns. The curfew was lifted for 12 hours yesterday for people to buy food or get medical attention.

Gaza is also under tight siege with Israeli naval vessels turning back Palestinian fishermen. In the markets, customers are given a bunch of flowers free with every purchase because growers are prevented from exporting them. Mr Arafat says he will personally bring back flour to Gaza before he goes to the international conference to be attended by President Bill Clinton, John Major and at least 20 other world leaders, on the threat to the peace process.

It opens tomorrow in the Egyptian resort of Sharm el-Sheikh.

Mr Arafat has intensified

his drive against the political and military wings of Hamas in the last week. Three leaders of Izzedine al-Qassam, the military arm of Hamas, regarded by Israel and the US as the men behind the suicide bombs, have been arrested. However, five suicide bombers are reported to have already received explosives and to be awaiting orders to strike. At the weekend a statement said to have come from the bombers said they were calling off a proposed truce.

Anti-terror summit, page 11

Anti-terror summit, page 11



A Palestinian and his Israeli guard in the West Bank village of Husseini yesterday after raids on homes of Hamas suspects

Photograph AP

Paper softens line on EU veto

surrender the veto in key areas like foreign and tax policy. The White Paper will further make it clear that it does not see the case for any extension of majority voting and will oppose moves to secure it.

But the careful wording of the White Paper - by what it does not say rather than by what it does - will leave the Government slender room for a last-minute compromise at the Inter-Governmental Conference by agreeing to the extension of ma-

jority voting in key areas like foreign and tax policy. The White Paper will further make it clear that it does not see the case for any extension of majority voting and will oppose moves to secure it.

The White Paper will restate Britain's strong opposition to any extension of majority voting and will make an unconditional promise to refuse to

majority voting in peripheral policy areas such as research and development and the environment.

The issue is important to the IGC because Britain's biggest partners, including Germany, will press for more issues to be decided by majority voting, which at present requires unanimity. Unanimous decisions mean that each country has a veto to block a decision with which it disagrees. Majority voting is known technically as Qualified Majority Voting because votes are weighted according to the size of country.

The latest potential irritant to Eurosceptics became clear yesterday as Tony Blair concerns over the threat posed by Sir James Goldsmith's Referendum Party were exposed by the leak of a confidential Tory party document estimating that it could deprive the Conservatives of up to 25 seats and "make the difference between the Conservative Party winning or losing the election".

The warning is contained in a Central Office summary of an earlier, also leaked, briefing paper prepared for the Tory MEPs which warns that "the greatest danger to the Conservative Party will be in marginal seats which have been targeted by the RPP. Pro-European Conservative candidates in marginal constituencies could see their vote erode significantly."

The leak came as it was confirmed that the Staffordshire South East by-election - which

on present poll projections will reduce the government's majority from two to one - will now take place on 11 April. There had been some speculation at Westminster that it might be delayed until 2 May in order to ensure that tax cuts were in pay packets - but that would have broken the convention that a by-election should occur within three months of the death of the sitting MP, who in this case was Sir David Lightbown.

News analysis, page 13

IN BRIEF

Heseltine humiliation Cocker sorts it

Michael Heseltine faces a humiliating defeat over his plans for cutting employees' rights in small businesses.

Bouncing back London yesterday defied fears of a stock market collapse with the FT-SE100 index closing just 5.8 points down.

River murder A woman walking her dogs was drowned by a sex attacker, who tied her hands behind her back and threw her alive into a river.

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news

Oiling wheels of debate at the despatch box chalet

Questions in the House, as readers probably know, get answered by whichever one of a team of ministers has the relevant portfolio. So, like those figures on Alpine barometers, a different minister will appear at the despatch box for each query, rotating back on to the bench when finished with - a colleague popping up to replace him or her. They give out statistics, get cross with critics and remind everyone of what life was like when the Opposition was in power.

Yesterday there were three of them in the little transport chalet - each one dealing with



DAVID AARONOVITCH

a different disaster area. When the oil off the Welsh coast was raised, out came Sir George Young, the Secretary of State for Transport - a man so hostile to public transport that he cycles in London (where only commuting by hang-glider carries a

greater risk). The portly figure of John Wills squeezed out to deal with the Staffs train crash. And reference to the mess that is London transport (for some reason there doesn't seem to be any transport outside London), would see Steve Norris swing into action.

The first question to Mr Norris was a puzzling one. Did he realise, asked the veteran Tory, Sir Sydney Chapman, that deregulation had "led to buses reaching parts of Chipping Barnet undreamt of 10 years ago"? Which bit of Barnet, I wondered, could he mean? Duck's Island, Underhill, or Monken

Hadley? No - they were all there in 1986. So were there previously unexplored and semi-barbaric crescents, lined with semi-detached, mock-Tudor houses and harbouring savage stockbrokers lost to civilisation - until courageous Shoppa drivers cut their way through? Presumably there were.

Barnet is also the end of the Northern line. This, of course, is not a line that goes to the North. In fact, all too often, it doesn't go anywhere at all. It is London's most ticketed Underground route - the black one on the tube maps. My own local station, Kemish Town, its esca-

lator permanently out of commission, can only be used by those capable of walking down 103 steps.

Conservative John Marshall (Hendon tube station, Edgware branch), had good news for the likes of me. One of Parliament's most assiduous congratulators, he praised the Government's investment in the Northern line, and excitedly predicted a 1997 with hundreds of new trains queuing up to take those happy (if exhausted) passengers who had made it as far as the platform. Which was all very well, grumped Glenda Jackson, MP

for two stops down, except that sections of the line were being closed for months on end. Hugh Dykes (two stops up) agreed with her.

What ingratitude, snarled Norris. Didn't members realise that the lines were out of commission precisely because of the huge investment going on? Massive delays, he implied, were a natural result of vast sums of money being poured into the system. Which is a relief. Most of us would far rather suffer as a result of lots of money, than from too little.

The barometer swung, and Sir George emerged, his task to

IN BRIEF

TV show for bomb victim's father

The father of Warrington bomb victim Tim Parry is to have his own TV show. Colin Parry, 48, will conduct a series of current affairs interviews for Granada. President Bill Clinton is among those who may be approached to take part in the series. *Interview With Parry*.

Mr Parry, 48, impressed station executives with his dignity and composure after the IRA bomb that killed his 12-year-old son three years ago. Yesterday he said: "I'm delighted to be asked but it remains to be seen how I do." The series is scheduled to begin in the Granada TV region on July 23.

Racecourse blaze

Three boys have been accused of arson after a fire destroyed the tote building in the centre of Warwick Racecourse, causing £200,000 worth of damage. The boys, aged 12 and one aged 14, have been bailed to appear before a youth court at Leamington Spa next month.

£950,000 award

A man left crippled for life by an accident on a bouncy castle won £950,000 agreed damages from the Territorial Army and the castle hire firm. Andrew Day, 28, of Weston-super-Mare, Somerset, was left wheelchair-bound after injuring his spine during a 2am prank on a TA night out in Bristol in September 1989.

The price of fame

An anonymous collector paid £43,000 at Christie's in London for a tiny and previously unrecorded Sévres porcelain plaque of the Duke of Wellington, commissioned by an unknown admirer in 1815 after Waterloo. The portrait had been valued at £8,000.

The price of flame

The Secretary of State for Northern Ireland made it clear that he believed it was his duty to remain in office to see the peace process through its most difficult period.

The

amnesty Bill will give a statutory guarantee to terrorists that they will not be arrested for carrying lethal weapons or bombs for disposal.

The

Irish government will introduce similar legislation to give terrorists equal rights to an amnesty in the Republic.

Ministerial sources said the terrorists were unlikely to give up guns, but have been anxious to surrender home-made bombs when they become unstable.

Passing us by

The rogue Chinese spy satellite is expected to miss Britain when it plunges to Earth at 450mph early today. Radar operators who have been tracking its progress now believe the one-tonne device will drop into the south Atlantic or Indian Ocean some time before 7am.

Starved to death

A woman was found starved to death on Christmas Day in the home she shared with her husband and son. Kathleen Warburton, 54, weighed less than 4st but a chicken was roasting in the oven and her kitchen was stocked with food, an inquest at Bristol was told.

The last laugh

The Cockney comedian Arthur Mullard left £245,000 to charity but only £5,000 each to his son John and daughter Babs. The bulk of his £255,624 estate goes to the National Children's Home.

Mr Mullard died last December.

THE ROLL

Age ... 50

Age

Commons printer jailed for corruption

CHRIS BLACKHURST
Westminster Correspondent

House of Commons newspaper, embossed with the distinctive portcullis design, is being printed by a company in Wales whose former chairman has just served a prison sentence for bribing a senior government official, it emerged yesterday.

Betty Boothroyd, the Speaker, said she would refer the contract with Cardiff firm, Wilprint, to the Sergeant-at-Arms, the chief Commons official.

In October last year, Keith Gordon Wilson, then chairman and managing director of Wilprint, his family business which employs 50 people, was sentenced to nine months imprisonment at Cardiff Crown Court for giving two cars to a Welsh Office official in charge of handing out printing contracts.

In January this year, Mr Wilson successfully appealed against sentence, which was brought down to four months. He was released from prison and has since remained unemployed while Wilprint is run by his wife, Hilda.

The court heard that John Bennett at the Welsh Office gave £400,000 in printing contracts – 30 per cent of his £1.3m budget – to Wilprint over two years after being bribed with a Ford Sierra and a Ford Escort.

Mr Bennett was information manager at the Welsh Office in Cardiff and organised the printing work. In a two-year period, Wilprint received two and a half times more than its nearest competitor and, said the prosecution, almost as much as the other contractors put together.

The gift of the cars came to light in 1992 after another print-

er complained of not getting work. Officials ordered an internal inquiry headed by a former senior police officer.

Ownership of the cars was checked and traced to Mr Bennett. Wilprint also paid the tax and insurance. Mr Bennett was convicted alongside Mr Wilson and received the same nine-month sentence, reduced on appeal to four months.

Rhodri Morgan, Labour MP for Cardiff West, raised the question of the Commons stationery in Parliament yesterday.

"The proprietor [of Wilprint] was sent down for corruption for four months just before Christmas and came out in January," Mr Morgan said.

The MP asked Ms Boothroyd: "Since the portcullis of this House and all our proceedings have to be seen to be totally above board and free from even the most indirect hint or taint of corruption, could you explain to me how I should draw this to the attention of the proper authorities, so that we can see that the portcullis of this House and the newspaper on which we write shall always be seen to carry the respect which we always thought it had?"

At Wilprint, David Virgin, the sales manager, refused to discuss the Commons order or how long the company had had the business, claiming it was bound by a confidentiality clause with HMSO.

Mr Virgin confirmed that Mr Wilson had relinquished his role in the firm. "After what happened he is not involved in the business," he accused Mr Morgan of "ruining the people who work here" by raising the Commons order at Westminster.

Justice for the common people as Cocker is cleared

REBECCA FOWLER

His own fans chanted "Justice for Jarvis" from one side. Michael Jackson's followers hurled abuse from the other. One 16-year-old girl was arrested for threatening behaviour. In the middle, emerging from Kensington police station, west London, in his trademark black-rimmed glasses, the object of their praise and opprobrium, Jarvis Cocker.

The teen idol and lead singer of Pulp, who was answering police bail, was cleared of assaulting three children yesterday following his one-man riot against Michael Jackson's appearance at the Brits awards last month.

He was told by police there



On the record: Jarvis Cocker with his solicitor, Anthony Burton, after police dropped charges over his Brits 'invasion' Photograph: Philip Meech

would be no charges brought against him following his impulsive entrance on to the stage at Earl's Court Arena.

Jackson was performing the "Earth Song", apparently modelling himself on Christ, surrounded by a chorus of children.

Following his 30-minute interview with the police Cocker, 32, said: "I'm just happy. It's very nice to have allegations against you that you go and assault children, and punch children."

He added: "I was very upset. I think anyone would be. One of the worst things you can be accused of is not something you'd want on your CV."

The incident has already secured him a place in rock's annals of flamboyant behaviour. Cocker made V-signs at Jackson and allegedly knocked three children over before being removed by guards. Cocker provided the police with video evidence to prove that he had not hurt the youngsters. One young boy claims he cut his ear during the incident, and a number of others said they had been upset and shocked.

Despite the furor Cocker's followers viewed his interruption as heroic. The singer claims he felt "ill" in the face of the self-delusion of Jackson, who has had charges of child abuse against him dropped.

Cocker, described as a designer nerd, said: "I thought it was in bad taste given allegations that were brought against him in the past. But the main thing really was this messiah

thing, and the idea that people would cure them. I'm not particularly religious but I think anyone setting themselves up as a messiah figure is a bit dodgy."

However Cocker, who is seen as a champion of the masses for his hit single "Common People" and the album, *Different Class*, was reluctant to be labelled a hero.

"I'm not a hero. It really was something done on the spur of the moment ... it's not a particularly great thing to be famous for. I'd rather be known for music."

Jackson, the reclusive singer, was said to have been deeply upset by the incident. His record company allegedly said that he was "sickened, saddened, shocked, upset, cheated, angry and disgusted", by the affront.

Mr Cocker is currently considering whether he will pursue any legal action against Jackson over the allegations that were made against him.

"That's something we're considering, because I was accused of assaulting children. I'm considering whether I should take that further. I don't like the fact that has been reported," he said.

However, Cocker added that he did not wish Jackson any ill. "I've always said throughout this thing I haven't got a personal vendetta against Michael Jackson. He can dance. Anyone who came up with moon dance is all right by me."

Beatles get back to where they once belonged

Radio 1 is to devote an hour of prime-time listening to The Beatles today – using the band's latest single as the grand finale to the showpiece session.

The move follows the station's decision not to include the group's new song "Real Love" on its playlist. The exclusion order, which upset many fans,

meant the track did not receive massive pre-release play and will not benefit from being regularly heard on daytime shows.

Despite this, however, the song came into the charts at number four this week, and Radio 1 said yesterday that it would set aside DJ Simon Mayo's entire *Golden Hour*,

starting at 9am, to Beatles and Beatles-influenced music.

Radio 1 controller Matthew Bannister, said: "The Beatles are the greatest rock and roll band the world has ever known and have made the world's most influential music. Many current artists have been influenced by The Beatles and the

Balliol stands firm in 'Nazi money' row

LOUISE JURY

The Oxford college at the centre of a storm over a professor's post financed with money allegedly connected to Nazi war crimes was understood to have agreed yesterday that it should go ahead.

But opposition politicians claim their view of events is supported by the justice minister, Lord Owen, who told the Irish parliament: "On the level at which the importation was authorised, it was an operational decision and did not involve any politicians."

night, but Lord Weidenfeld said he had received word from the college that it had agreed to support the new chair and was very pleased.

He said he had been anxious that no one should be incriminated for crimes with which they had no connection.

"I feel very strongly that the sins of the father should not be held against the sons. Those who know [Dr Flick] well as I do, know that he has wholly dissociated himself from those views and is definitely a convinced anti-Nazi."

The row had been a "rather disagreeable experience" for him.

Lord Weidenfeld said that he very much hoped the controversy was now at an end and that the chair would prove a positive development, in particular, east European students who had been victims of communism and racism.

He added: "It is not easy to get money [for university chairs] these days."

Professor John W Burrow, who has been already appointed the first holder of the post, has said he planned a series of lectures on notions of race and nationality in the 19th century to explore the roots of ideas which had dire consequences, such as the Holocaust, in the 20th century.

Setback for inventor in Walkman court claim

PAUL FIELD

An attempt by a middle-aged inventor to prove he came up with the idea of the Sony Walkman suffered a setback at the Court of Appeal in London yesterday.

Andreas Pavel, 51, is locked in a legal battle with the Sony Corporation over patent rights for the portable stereo. Launched in 1979, the Walkman has earned the Japanese electronics giant an estimated £3bn in worldwide sales.

Mr Pavel has consistently claimed Sony infringed his patent, filed in 1977, for a "stereophonic reproduction system for personal wear". His machine comprised a

pair of headphones strapped to a bulky belt, attached to which was a small cassette player, amplifier, batteries and a storage pouch.

However, Sony argued the technology was obvious and not inventive, and in 1990 the Patent County Court ruled his claim was invalid.

Yesterday, Mr Pavel launched his appeal against the judgment and sought to amend his patent with a new definition of his design as being "suitable for attachment to a belt".

However, counsel for Sony and Toshiba, also contesting the application, argued that the amendment to a patent was "an indulgence, not a

right". After 10 minutes of deliberation, Lord Justices Neill, Hobhouse and Aldous rejected the application and instructed Mr Pavel's counsel to proceed with the appeal against the 1990 ruling, which is expected to last eight days.

The cost of the legal action, estimated at more than £1m, is likely to ruin Mr Pavel if he loses on appeal.

If the judgment goes against Sony, Mr Pavel, the youngest son of a wealthy German industrialist, stands to become a very rich man by qualifying for royalties of between 1 per cent and 5 per cent of Sony's Walkman sales in Britain, equivalent to £100m.

Suspicion were aroused after the drugs were found last November in a parked trailer at Urlingford in Kilkenny. But a planned swoop by garda drug squad officers never took place and no one was ever arrested.

£13.5m drugs sting backfires on Irish police

ALAN MURDOCH

A multi-million pound drugs sting set up by Irish police to trap some of Europe's biggest drug dealers has backfired, leaving the cream of Ireland's detectives and a justice minister with egg all over their faces.

The plot was simple: to catch the suspects red handed as they imported a £155m (IR £150m) 13.5 tonne shipment of cannabis.

Suspicion were aroused after the drugs were found last November in a parked trailer at Urlingford in Kilkenny. But a planned swoop by garda drug squad officers never took place and no one was ever arrested.

This month, tipped off by her security sources, Liz O'Donnell, opposition Progressive Democrats (PD) justice spokeswoman, enraged the Irish government by claiming the consignment was really a garda-inspired entrapment that failed.

She alleged the Irish police, assisted by a top United States drugs enforcement agent, delivered the consignment to Ireland for collection by drug barons who were led to believe they were buying from the US mafia.

Much to the government's embarrassment there were also claims that even when the drugs arrived there was little or no criminal involvement; garda ran the whole exercise and

But the council has insisted that all the proposed sites will be discussed. "These are only suggestions, but there is a logic behind them, if you want to get the fact over that Harold Wilson was born in Huddersfield," said a spokeswoman for the council.

"The preferred site for the memorial is St George's Square, the heart of the town. Its supporters include Eric Lawson, who sits on the policy committee. "These other bizarre suggestions have exposed the council to ridicule," he said.

"A lot of people would see it if it was on a bridge over the motorway, or the loading bay. If the councillors think they are barny they will say so, and they won't pick them."



Lord Wilson: Statue in his honour may go on bridge

M62 and car park ready for Wilson statue

REBECCA FOWLER

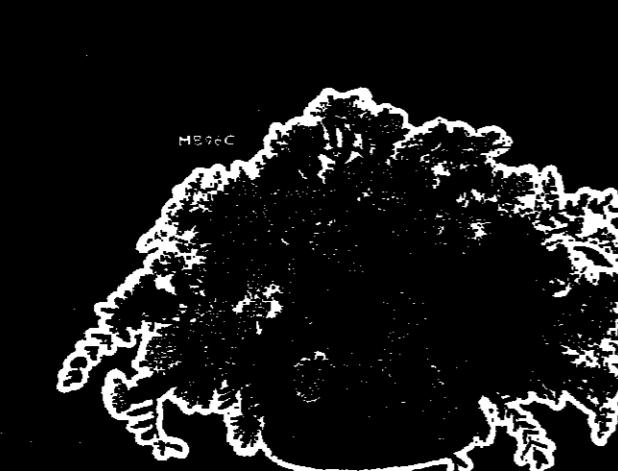
A list of proposed sites for a monument to Harold Wilson, the former Labour prime minister, who died last year, including the top level of a multi-storey car park and a bridge over the M62 motorway, have been condemned as "barny" by the citizens of his home town.

The life-size sculpture, which has not been completed, was commissioned to take pride of place in Huddersfield, West

Yorkshire, where Lord Wilson grew up in the 1930s. But there is concern that the suggested locations are an insult to his memory.

Among the other proposals, which will be considered by the policy committee at Kirklees metropolitan council tonight, are the middle of a roundabout on the outskirts of Huddersfield, the entrance to a shopping centre loading bay, and outside an electricity shop on the outer ring road.

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news

British beaches wrecked by litter

GLENDA COOPER

Britain's beaches are being wrecked by litter, with twice as much picked up in 1995 as in 1994.

Last year more than 305,000 items of rubbish were picked up from beaches around the coast of Britain. This included almost 20,000 crisp packets, 10,500 drink cans and 9,400 cigarette butts, not to mention sanitary towels, plastic, glass and cotton buds.

The Beachwatch '95 survey organised by the Marine Conservation Society and Reader's Digest took place on the 16 and 17 September last year. A total of 202 beaches covering 193km were cleaned by 2,365 volunteers and 196 of the beaches were surveyed in detail. In total the debris weighed an estimated 30,000kg, three times as much as in 1993.

The Beachwatch '95 results found that 1,653 items of rubbish were recorded per km surveyed as compared to 977 items per km in Beachwatch '94 and 572 items per km surveyed in Beachwatch '93. Tourist debris alone was up 60 per cent since Beachwatch '94.

Plastic accounted for more than half the debris recorded, and sewage-related debris was between 11 per cent and 12 per cent of the total. Debris made from metal has decreased while the proportion of paper-based materials has almost doubled. The most common items found included plastic crisp and sweet wrappers, plastic bottles, caps, lids, rope and cord.

Two Guernsey beaches - Le Port aux Mâles, Castel, and Ferman, St Peter Port - came out as cleanest in the survey. They had 0.01 and 0.03 items of rubbish respectively for every

metre of beach. In contrast two Lancashire beaches were the dirtiest with 93 bits of rubbish per metre of beach on Western Shore, Sunderland Point, and an unsightly 166 bits of rubbish per metre at Jack Scout Cove, Silverdale.

Last year the dirtiest beaches were Castle Beach, Dyfed, and New Brighton, Merseyside, and the cleanest were Treaddur Bay in Gwynedd, Porthmeigl also in Gwynedd and Thorpe Bay in Essex.

Some improvement has been seen in the standard of bathing water. In 1995 about 413 out of 464 beaches met the EC mandatory standard on bathing water, 37 more than in 1994.

"It is unacceptable that our children are having to build their sandcastles on little more than a rubbish dump," Kim Winter of *Holiday Which?* magazine said. "It is time a concerted effort was made to make our beaches a more safe and pleasant environment."

The Marine Conservation Society added: "We would urge people to take individual responsibility for disposal of their litter whether they are tourists or visitors. We would also urge those in local authorities or industry to take action to reduce the problem at source."

Recommendations made by the society include organising awareness campaigns and education in schools on general waste reduction, disposal and recycling. Incentives should also be increased for manufacturers and retailers to reduce the use of plastics and excessive packaging. The government should also expand the network of plastics recycling schemes and encourage research into degradable alternatives.

Export spur for the shire horse

MICHAEL PRESTAGE

The shire horse can trace its history back to William the Conqueror, but by the 1960s numbers had declined dramatically. Now, however, it is enjoying a revival thanks to a surge of interest on the continent and in the United States.

Dillon, Royal and Princess are stabled at the National Shire Horse Centre, Plymouth, waiting to travel to Germany. They are the latest animals in a growing export market that saw more than 100 shires go abroad in the past year.

Such is the world-wide interest that enthusiasts of the world's largest working horse will gather tomorrow at the first World Shire Horse Congress at the East of England Showground, Peterborough.

There are 3,000 members of the society worldwide of whom 1,000 are actually involved in the management, buying, selling and breeding of the horses.

Between 1880 and 1930 there were nearly 200,000 shire horses registered in the stud book kept by the Shire Horse Society. But after the Second World War numbers fell until by the 1960s there were less than 2,000 registered animals nationwide.

The work of several breeders in insuring the breed's survival has now been rewarded. John Ward, field officer for the Shire Horse Society, said: "The latest interest will guarantee the future of the shire horse. It is a wonderful opportunity for the society, with new markets evolving as the quality of the shire horse is recognised throughout the world."

He said horses had travelled to the continent for shows and exhibitions and people had liked what they had seen. Shires have historically been popular with brewers for pulling drays and German breweries were now using them because of their temperament and imposing appearance.

Because there is little demand for shires in Britain, foreign buyers



Comeback: Animals at the National Shire Horse Centre

Photograph: Marc Hill

ers are amazed at how cheap they are, selling for an average of £3,000. But if the interest continues, demand will outstrip supply and prices will rise.

The Shire Horse Centre acts

as a clearing house putting potential buyers in touch with breeders with horses to sell. In the last two months the export of 20 horses has been arranged. The centre has 35 shires of its

own, including King, the world's tallest living horse, who is 19.2 hands (6ft 6in) at the shoulder. But despite offers from abroad, King, a big attraction at the centre, is not for sale.

World illiteracy 'could be halved'

ROS WYNNE-JONES

World illiteracy could be more than halved by a radical new programme launched yesterday to combat a growing problem faced by 1 billion people, two-thirds of whom are women. Pilot trials have shown the Reflect method to be two to three times more effective than traditional approaches in teaching reading and writing.

Reflect, designed by the charity Action Aid, uses no textbooks. Instead, students make up learning materials relevant to their experience. The teaching aids begin as models - of a map of crop planting, for example - which are built by the class out of branches, beads, beans and other materials. These are then transferred as "graphics" on to card which teachers use to introduce numbers and the written word.

By the end of the Reflect process, students will have built 20 to 30 graphics representing a detailed analysis of their community. The three pilot studies,

in Bangladesh, El Salvador and Uganda, have shown that this process itself is a catalyst for wider change. In Uganda, for example, discussion around the graphics led to agricultural improvements such as terracing and to changes in the community's division of labour, so that men began helping women with fuel and water collection.

Sara Cottingham, co-ordinator of Reflect for Action Aid, said that in Bangladesh trials resulted in 77 per cent of students who completed the course achieving literacy. This compared with 47 per cent literacy in a control group of adult learners using more traditional methods. Reflect's drop-out rates were half those of the control group. In Bangladesh, the year-long programme cost £150 to set up and run. For 31 students this would be £5 per year each.

Reflect, which has obtained funding from the World Bank, has now been taken up in more than 20 countries.

Teenagers send out anti-smoking signals

LIZ HUNT
Health Editor

Teenagers are a vital weapon in the battle to stop people smoking, according to research which shows that more than 75 per cent have tried to persuade their parents to quit. Even youngsters who admit to smoking will have on their own health ... What we can do is help children to help their parents.

In a survey by the National Asthma Campaign and *Blue Peter*, the BBC children's programme, researchers found that almost three-quarters of 10,000 asthmatic youngsters who took part believe other people's cigarette smoke made their condition worse. Of those, 31 per cent were living with someone who smoked. Melinda Lewis, chief executive of the NAC, said: "This survey reveals an appalling catalogue of wholly unnecessary suffering."

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Sketchley shed 500 to re-open in Sainsbury

NIGEL COPE

The desertion of the high street in favour of out-of-town superstores accelerated yesterday when Sketchley, the dry cleaning group, said it was closing 160 town centre shops with the loss of 500 jobs.

Instead it has signed a deal with Sainsbury to open dry cleaning concessions within the larger stores. The group also owns the SuperSnap photo-processing chain and it is planning to cement the trend by relocating a number of branches to supermarket sites.

With supermarkets increasingly offering petrol stations, post offices, pharmacies and florists as well as shoe repair and key-cutting facilities, Sketchley's announcement will fuel growing concerns that Britain's supermarket giants are snatching at the high street's expense.

Mike Dennis, a retail analyst at stockbroker NatWest Securities, said the exodus from the high street was likely to continue: "Customers can often get a cheaper, more convenient

service by making more purchases as part of their weekly shop. You've got dry cleaners and pharmacies. Why not have estate agencies and travel agencies, or banks. If this carries on it could squeeze the life out of the high street."

Sketchley said it was taking advantage of consumers' preference for one-stop shopping locations with easier parking and longer opening hours. It said it would also be able to take advantage of established customer flows, Sunday trading and joint advertising with Sainsbury.

Sketchley currently has more than 700 outlets though some high street shops lose money due to high rents and falling customer levels. It will keep 550 of its high street branches while it expands its presence out of town. It already has 29 Sainsbury outlets and now has an exclusive deal to open more in new and existing branches.

Sainsbury defended the deal. "Our research shows that customers will use an out-of-town supermarket for many different services. There is room in the

market for large and small retailers. People are still going to go to the high street."

Dry cleaning prices can also often be cheaper due to lower rents out of town. Safeway, which has dry cleaning outlets in 65 of its larger branches, has a deal to clean 5 shirts for £3.49 or two suits for £8.95. Safeway also has 83 pharmacies, 127 petrol stations, 31 post offices and 38 florists.

Some branches of Sainsbury's SavaCentre offer key cutting and shoe repair as well as travel agencies.

It is not clear how much further supermarkets might go. In the US, shoppers can go to the hypermarket for everything from a car to a speedboat. Some have gone as far as building fake "high streets" around the perimeter of their sites - transplanting Main Street to the freeway.

In Britain, however, the Government has said it intends to limit the exodus by curbing planning permission.

In a separate development yesterday, Tesco increased the

stakes in the petrol price war when it extended its loyalty card to money off petrol in its 254 stations. Asda already runs a similar scheme.

Promising motorists that "they cannot buy a cheaper tankful of petrol", Tesco said it will match the cheapest fuel price at other filling stations within three miles of their own pumps or at any other supermarket within five miles.

The main supermarket groups Sainsbury, Tesco, Safeway and Asda have already grabbed over 20 per cent of the UK petrol market by undercutting prices. However, at the beginning of the year the petrol companies fought back when Esso announced that it was dropping its long-running Tiger Tokens promotion in favour of lower prices.

As part of its campaign Esso pledged to match the lowest prices on offer within a three-mile radius. Shell and BP followed and prices fell to as low as 49.9p per litre with the most severe price cuts in the Northeast and Scotland.

The supermarkets have been making big profits from their petrol retailing operation, and the price war has had a damaging effect on profits. Tesco has been banking about £70m a year, but analysts believe this could be trimmed by up to £12m, with Sainsbury, Asda and Safeway together seeing a cutback of up to £20m.

How supermarkets shape up in battle for one-stop shopping

Supermarket	Petrol stations	Post offices	Pharmacies	Florists
Sainsbury's	227	25	10	10
Asda	259	20	10	10
Tesco	149	10	10	10
Safeway	83	31	31	38
Other	10	10	10	10
Total	727	107	82	107

most branches. In most cases, the supermarket's service is free.

Wacky race to build family pubs

GLENDA COOPER

The Nag's Head and Rose & Crown are history. The future of English pubs lies in Wacky Warehouses, Jungle Bungalows and even Captain Coconuts as "family friendly" outlets received another boost yesterday.

The leisure group Allied Domecq announced a £150m expansion over the next year, including the creation of more

than 7,000 jobs and the development of 250 sites. The emphasis will be on family appeal through "Wacky Warehouses" - purpose-built play barns attached to the group's chain of Big Steak pubs.

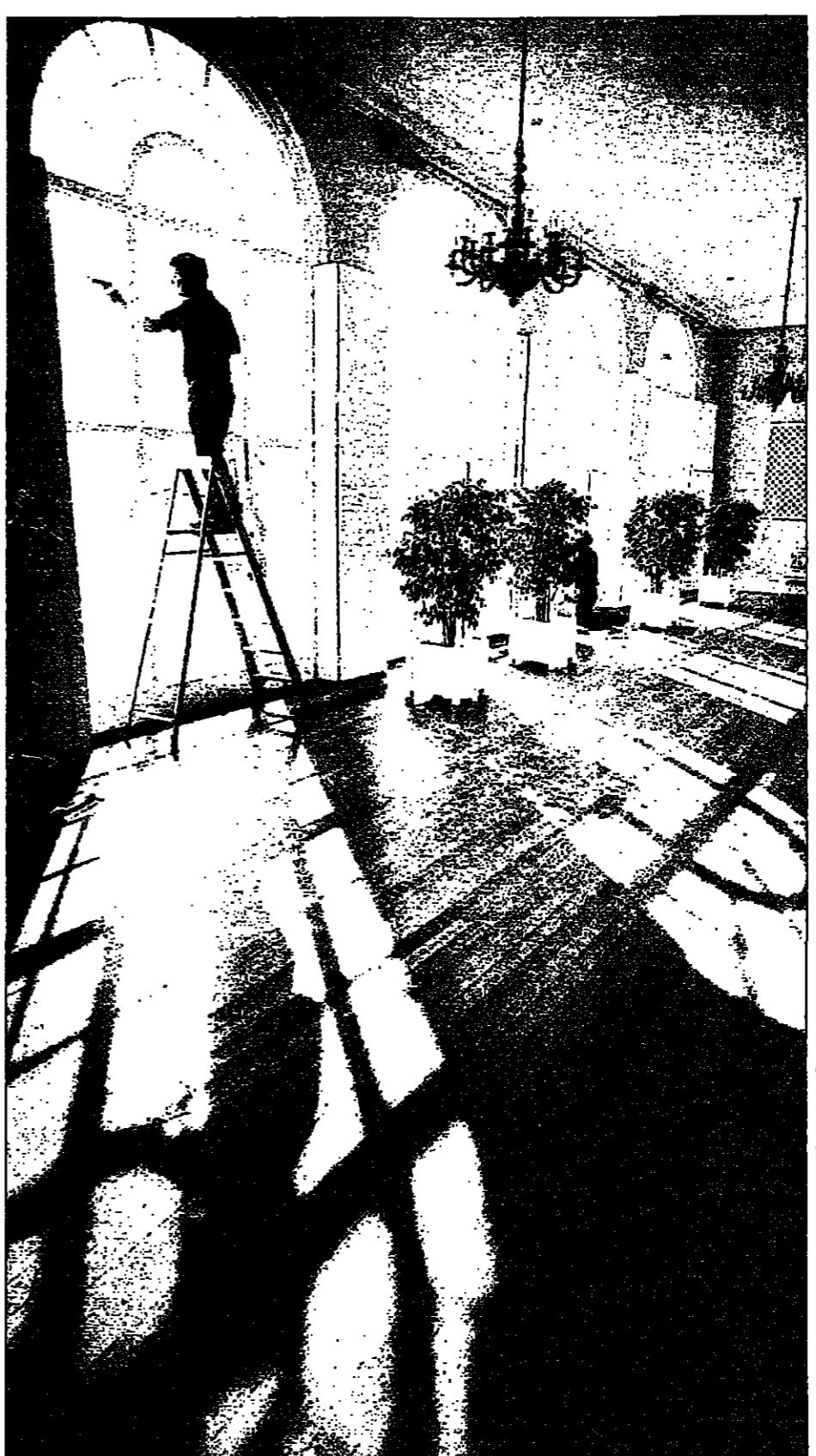
The managing director of Allied Domecq Leisure, Martin Grant, said that they were meeting consumer demand: "Research has shown that more and more people are going out

and eating out as a family. This has been aided by the relaxation of licensing laws which include the introduction of children's certificates for pubs."

The group, which presently runs 30 Wacky Warehouses, is planning another 100 Big Steak pubs, most with the family targeted barns attached. Big Steak pubs tend to take five times as much money as the average managed house.

Allied Domecq are not alone. A spokesman for Greenalls, which run 20 "Jungle Bungle" and "Captain Coconut" play barns, said they were planning to act on a customer review.

Whibread, whose family chain is known as Brewer's Fayre, has 60 "Charlie Chalk's Fun Factories" attached. A spokesman said the 280 Breweries Fayre will rise to 400 by 1997.



Fruitful endeavour: A worker washes the windows of the Orangery at Kenwood House, north London, as part of a two-week spring clean. Photograph: Peter Macdiarmid

Report to blame health bosses

NICHOLAS TIMMINS
Public Policy Editor

A report dealing with "serious allegations against named individuals" in the former Yorkshire region of the NHS is to be published in full this week by the National Audit Office, it emerged yesterday.

The move follows an inquiry ordered by Alan Langlands, the NHS chief executive, after Sir John Bourn, the head of the NAO, qualified the region's accounts last year. He declared that relocation packages totalling £450,000, provided to four senior managers - including the then regional general manager and his assistant - and to 13 consultants were irregular and outside the authority's powers. The deals involved helping buy out individual's homes after they took jobs with the region.

The inquiry is, however, understood to have raised fresh issues in the region, unconnected to the relocation deals, including doubts about the way a land deal involving a former psychiatric hospital was handled, queries about excessive hospitality, and questions about a severance package for one manager. Inadequate records were available of some decisions.

When Sir John qualified the region's 1992-93 accounts in August last year, Mr Langlands made clear he wanted the issues fully explored, declaring that "health authorities must not exceed their powers" and that the "public rightly expects the highest standards of public accountability and probity in the NHS. Nothing less will do."

He has now passed the report he ordered - which the Department of Health said yesterday contains "serious allegations against named individuals" - to the NAO for publication with its own commentary next week. Mr Langlands is to be quizzed on it by the Commons Public Accounts Committee later this month.

In the world of knit shirts, Peru may be the next Shangri-la.

Introducing the new Lands' End Interlochen.

If you look in an atlas - even a good sized atlas - you may have trouble finding the Piura Valley of Peru.

It's on the left shoulder of South America, 3° below the Equator, and miles from anywhere.

It's even miles from anywhere in Peru.

You wouldn't expect a place so remote to produce a shirt as *civilized* as our new Interlochen.

But this is where Lands' End - the Direct Merchants from America - had to go for it.

In fact, without the cotton grown here - and the people who pick, knit and stitch it - our new Polo Shirt wouldn't exist.

Some cotton, some pickin'

Cotton has a long history in Peru. In fact, Peruvian farmers were growing it before Peru had a history.

But the cotton in this shirt is a pima cotton - a variety that began its career in the southwestern United States. Its long staples, or fibres, produce a finer, silkier yarn.

Now, when Peruvian farmers took home a few seeds and planted them, something miraculous happened.

Maybe it was the hot, dry climate, maybe the rich soil. But *something* in the Piura Valley made the pima staples grow even longer and silkier. (Local farmers said it was "soft as an angel's hair".)

Hand-picked Peruvian pima - plucked when it's good and ready

It would be sinful to pick such cotton by machine. A machine can't tell which cotton bolls are ripe; it plucks everything, ready or not.

So, our Peruvian friends still pick their pima by hand.

Then they spin it, and knit it into a 40 singles, 6.1 oz. fabric: almost a full ounce richer than our original Interlochen.

They have no word for "hurry."

Time is plentiful in Peru. And our shirt makers use a lot of it making this shirt.

First, they place the fabric on long tables; and if it's striped, they carefully pin it down before cutting. (Some shirt makers skip this; it shows later in ill-matched goods.)

Then, in workrooms surprisingly modern for this neck of the woods, our Peruvian friends patiently stitch.

They double-needle the seams, to lie flatter and look dressier.

They add a tree-top vent at the bottom, where the sides come together. (Don't know why it's called tree-top; but it looks neater, and won't unravel.)

And the neck tape, made of the same soft fabric as the shirt, feels as comfortable as - well, as everything else about it.

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news

Top climbers in Newbury clash

CHARLES ARTHUR

Professional climbers who are helping to evict Newbury bypass protesters from trees are facing a ban from training facilities in Shoffield, their base city.

The move comes as a group of elite climbers joined protesters along the Newbury site to teach them rope techniques to help in their campaign.

The action against the climbers, who have been employed at up to £2,000 a week for "rope access work" to evict people at Newbury, marks another stage in a dispute which is exposing deep rifts within the tight-knit climbing community.

"It's all getting pretty violent and aggressive," said Jerry Moffatt, one of Britain's top climbers, yesterday. "You get mates kicking each other in the head because one has been legally sworn in as a 'policeman' and is trying to handcuff the other while up a tree."

Yesterday The Edge, one of Sheffield's two largest indoor climbing facilities, announced that anybody working for the

rope access company at Newbury was banned from the centre. "Three of the six names I've been given are members," said Phil Robins, The Edge's director. "We've taken this step because there is strong opposition to what they're doing. They shouldn't be using climbing-based skills to evict people acting for the environment."

The South Yorkshire city's other main training facility, the Foundry, is considering a similar ban. "We will speak to them first," said Moffatt, who is a shareholder.

Many climbers feel that evictions would be impossible without the rope access skills that are being used by employees of Richard Turner Ltd (RTL), of Chesterfield, Derbyshire. Mr Turner said: "I have a core of people who are doing very safe work at Newbury, and I regularly get calls from people who want to do the work. In a few months it will all be forgotten."

But Mr Moffatt disagrees. "If RTL didn't have climbers getting people out of the trees, it would be almost impossible."



Watching brief: A bypass protester on the look out in a tree by the Kennet and Avon canal. Photograph: Edward Sykes

Murdered woman 'thrown in river alive'

JASON BENNETTO
Crime Correspondent

A woman walking her dogs was drowned by someone who tied her hands behind her back and threw her alive into a river, it was disclosed yesterday.

The attack on Karen Skipper, 34, is believed to have been sexually motivated — she had been stripped from the waist down — although a post-mortem examination did not reveal any signs of a sexual assault.

Ms Skipper's body was found on Sunday submerged in five feet of water in the river Ely, near Cardiff. Her hands had been bound with a dog lead and she had cuts and bruises.

A man walking his dog alerted the police after he discovered Ms Skipper's distressed pets waiting on the river bank.

It was also revealed that the police are examining the murder files of Geraldine Park, 27, who was found stabbed to death in December 1990 less than a mile from where Ms Skipper's body was found. However, detectives believe there are unlikely to be any links.

Police believe Ms Skipper was attacked at about midnight on Saturday as she walked her dogs. The area is popular with children, dog walkers and anglers, but is unfit. She was found face down in the river wearing a jacket, sweater and T-shirt. The rest of her clothes were on the bank.

Reg Bean, 63, who found her, said: "When I got to the field I noticed the dogs. When they

came running towards me I could see they had been sitting on a pair of jeans. I began to fear the worst when there was still no sign of the owner and I could see a dark shadow under the surface of the water."

Detective Superintendent Harry Ewington said a post-mortem examination showed that Ms Skipper drowned. He added: "It is a horrifying murder because we know that Karen was alive when she went into the water."

It is not known whether she was conscious when she was pushed into the river. Further forensic tests were being carried out to discover if she was raped.

Det Sgt Ewington, who is heading the murder inquiry, said Ms Skipper was last seen alive at about 11.30pm when she left the house she shared with friends nearby. Police confirmed her former husband had been spoken to, but not in relation to the murder.



Karen Skipper: Hands tied

DAILY POEM

The Knight's Tomb

By Samuel Taylor Coleridge

Where is the grave of Sir Arthur O'Kelyn?
Where marks the grave of that good man?
By the side of a spring on the breast of Helvelyn,
Under the wings of a young birch tree!
The oak that in summer was sweet to hear,
And rustled its leaves in the full of the year;
And whistled and roared in the winter alone,
Is gone, — and the birch in its stead is grown.
The Knight's bones are dust,
And his good sword rust;
His soul is with the saints, I trust.

Coleridge was the master of the creative fragment, and so to speak, in the artist's sketchbook and this short piece of verse is typical of what poured out of him. It appears in the section 'Visionary Fragments' of *Coleridge: Selected Poems*, chosen and annotated by Richard Holmes and published this month by HarperCollins. Next year sees the publication of the Holmes' second volume of Coleridge's biography, *Coleridge: Deller Reflections*.

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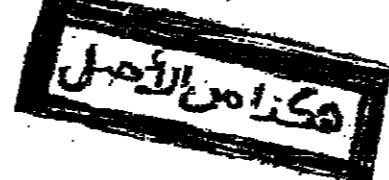
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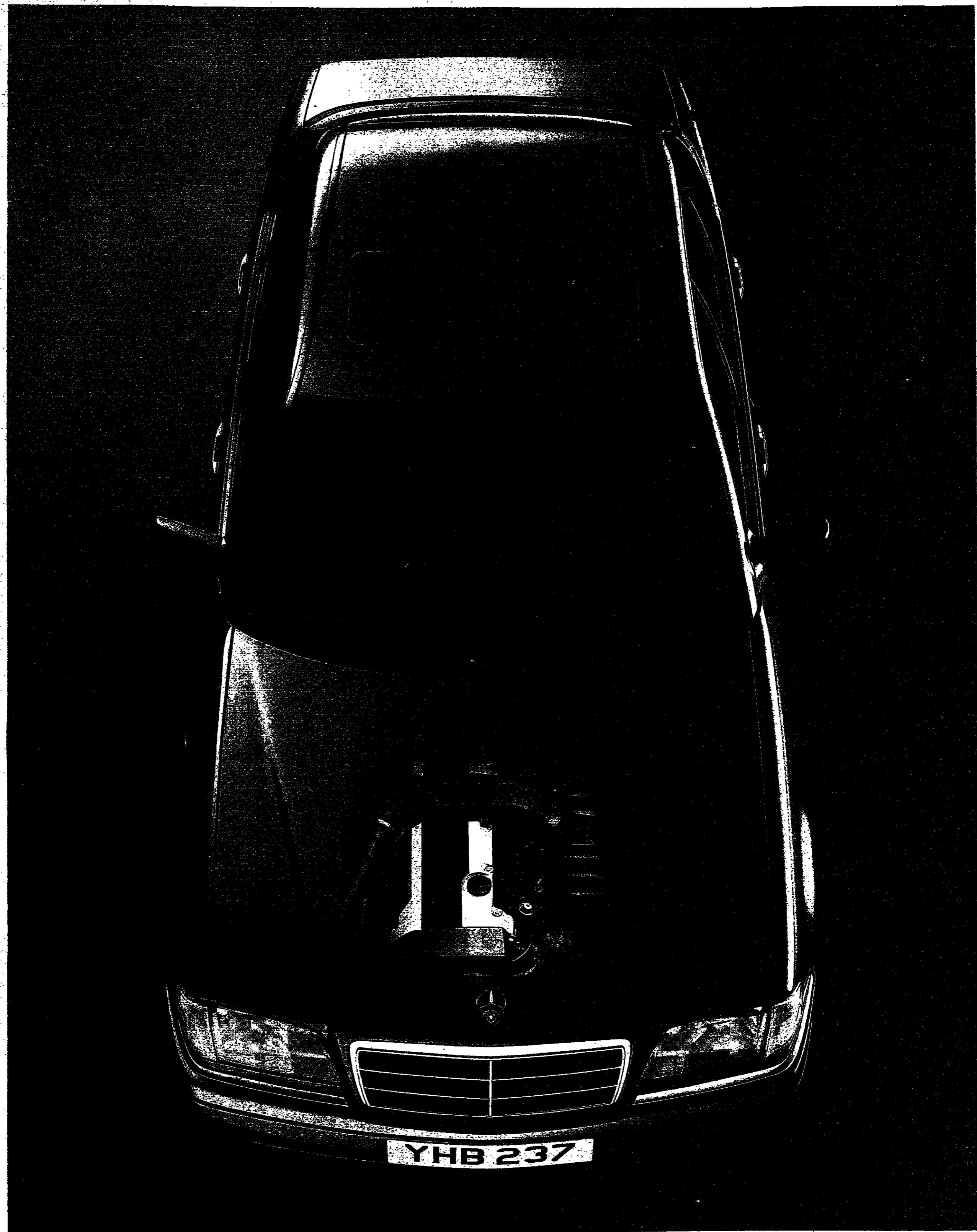


murdered
woman
brought in
alive



SONNET POEM

arrive your home issue
in March or April



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Forget Sir James Goldsmith the billionaire playboy with a glamorous daughter married to Pakistan's favourite son. Now he has a political mission: to force a referendum on Europe. As **Paul Vallely** reports, it is more than an eccentric hobby

Why this man is Major's nightmare

It was a curious collection. In the bowels of a Bournemouth hotel the high priest of parliamentary Euroscepticism, William Cash, was throwing a private party for a selected few of the hundreds of true believers who had filled the hotel's ballroom for what turned out to be the biggest of the fringe meetings at the Conservative Party conference.

It was a gathering of the hard right. In the centre of the room Norman Tebbit was in conversation with Boris Johnson of the *Daily Telegraph*. In the corner the young historian Andrew Roberts was holding court. But there was no doubt who was the centre of attention: Sir James Goldsmith, the star speaker at the rally. His foray into British politics seems whimsical, a pastime for a rich man grown bored with business.

That was two years ago. Yesterday Sir James bought full-page advertisements in four national newspapers making clear that the referendum idea being floated by the prime minister – on the long issue of a single currency – would be an "empty gesture". He called for voters to support his new Referendum Party, which is dedicated to a full debate "on the sort of Europe of which Britain wants to be part". Britain has seen oddball fringe parties before. But this is different. The Anglo-French billionaire Member of the European Parliament has vowed to put at least £20m behind his new party, which will put up candidates in every constituency at the next general election where the sitting MP is not committed to a referendum.

Yesterday a Tory party memo revealed that Sir James has a staff of 23 who have processed applications from 1,000 potential candidates, of whom some 300 have been approved. "These candidates are credible; some are former Conservatives and are not fringe nutters," it said. More than that, it has a database of 25,000 supporters and is preparing a direct mail campaign of 30,000 letters in 25 constituencies. It has commissioned a telephone canvassing company, is about to take on a major advertising company and is in discussions with the opinion pollsters MORI.

The party is still grading marginal seats to select those it will target. It has already decided to concentrate on Labour marginals with significant Asian communities. But its chief focus will be Conservative seats. Tory MPs in 90 most marginal seats; those with majorities up to 7,000, are in various states of alarm. They fear that a referendum candidate could cost them 1,000 votes or more and make their seat more vulnerable to a Labour swing. The secret Tory Central Office memo yesterday predicted it could cost the party 25 seats.

The external threat from Sir James, combined with the internal pressures generated by the Eurosceptics, is finally beginning to pay off. Mr Major, under pressure from his party chairman, Brian Mawhinney, is inching towards a referendum to endorse a decision by the Cabinet that Britain should join a single currency. Yet Sir James is not a Eurosceptic with more money and idiosyncrasies than most. On many issues he holds radically different views. What is as yet unknown, and troubling for Mr Major, is just how powerful Sir James could be, not just this week as the Tory party debates what position Britain should take in the forthcoming Inter-Governmental Conference on the future of the European Union, but over the next few months in the run-up to the election.

Sir James Goldsmith is the British version

of the Nineties businessman-turned-politician. America has Steve Forbes, the multi-millionaire presidential candidate, following the path pioneered by Ross Perot. Italy has had Silvio Berlusconi and France Bernard Tapie. Certainly Sir James is as formidable an eccentric as any of the others. The son of a Tory MP, he started making money while still at Eton, winning £8,000 on the horses. He went on to make an estimated £2bn as an international deal maker before deciding that the market was a house of cards and presciently selling most of his companies in 1987 – just before the Wall Street crash.

Sir James is also formidably clever. Like many men who have run large business empires, he likes to deal in apparently simple, sweeping generalisations that could either be profound or mundane. Given his track record as an investor, it's probably worth betting on him being profound. The political philosophy he developed

A few thoughts on life, the universe and everything

On crusading: "Anyone who has had the good fortune to succeed in business should be prepared to put up their money for a cause that they believe in."

On romance: "Quoting the French author Sacha Guitry: 'When one marries one's mistress, one creates a vacancy.'

On the environment: "Both fresh and sea water are being poisoned ... and we are living with the threat of up to 40 potential Chernobyls waiting to happen."

On the Government: "It's impossible, mediocre and incredibly dangerous because it has lost its sense of conception of where it wants to go."

On international economics: "People tell me that things are much better in England, there are more washing machines and freezers per family than there used to be."

On the future of measuring contentment: "Social stability and prosperity."

On the referendum: "England must have the right to vote on things that will change the destiny of the nation. To insist that these changes can come about without thought, without debate, and without a vote, is madness. It's sleepwalking into an electric saw."

On Europe: "Imposition of a single currency would unleash centrifugal forces that would tear Europe apart. I am a passionate European. I am also passionately against Maastricht. My belief in Europe fuels my opposition to this treaty."

On the future of Britain in the world: "They are selling Britain as the Mexico of Europe, as it loses an honour to pay low wages. We've gone mad."

after leaving business was a reaction against the globalisation of markets from which he had profited so hugely and yet which he had begun to suspect would eventually self-destruct. Three years ago he published *The Trap*, a tract arguing against the received wisdom on free trade:

"Global free trade will shatter the way in which value-added is shared between capital and labour ... In mature societies, we have been able to develop a general agreement as to how it should be shared ... Overnight that agreement will be destroyed by the arrival of huge populations willing to undercut radically the salaries earned by our workforces. The social divisions that this will cause will be deeper than anything ever envisaged by Marx."

The opening up of world trade to the four billion low-wage workers in China and East Asia threatens not just the economic cohesion of the West but the social cohesion, he warned, echoing fashionable communitarian ideas as well as Pat Buchanan's populism. All this has gone down terribly well in France where the protectionist response to "filthy foreigners who pinch our jobs" is far more politically respectable than it

it as "the politics of Sunset Boulevard practised by an ageing playboy plutocrat".

Nor are the Tory right in sympathy with Goldsmith's attacks on the damage done to the Third World by Western culture, which reflect his dark green ecological views. The trouble is they cannot afford to pass up an ally who so vehemently opposes the slither to federalism in Europe that they fear and who is prepared to match the main parties' election spending to campaign against it.

There is no precedent for such a well-funded spoiler party in British politics and with an election that may be finely balanced its influence could be critical. The leading psephologist Colin Rallings of the University of Plymouth reckons that if Goldsmith wins just 1.5 per cent of the vote (taking two-thirds of his votes from Tories) it would cost John Major 11 or 12

seats. No wonder that the Prime Minister is calculating how much he will have to concede to spike Sir James's guns.

His strategy is as yet unknown. Most commentators think Goldsmith & Co might win on a single currency referendum but lose a more general referendum on European integration as the public's irritation with Brussels would be outweighed by its collective fear of being left behind by the rest of Europe.

Those who have worked closely with him in the past insist that the man is an active strategist. "There will be a strategic goal," said one confidant hopefully, before conceding he had no idea what it was.

One possibility, some associates venture, is that the Referendum Party is merely a tactic in a longer-term strategy to reorientate the right after an electoral defeat and even, possibly, after a split in the Tory Party. Goldsmith's aim then would be to bring part of the party over to protectionism so that the kind of debate which is going on among US Republicans could become respectable here. Not since Oswald Moseley has a mainstream British politician flirted with such thoughts. Others are more disdainful.

Echoing Kenneth Clarke's dismissal of Goldsmith as an eccentric millionaire, who lives in Paris and Mexico, and who should not be interfering in British politics, they describe him as a piqued maverick who just operates on whim.

"He's clever and shrewd on one level," said one doubter yesterday, "he's formidable intellectually but he lacks political common sense." It will yet be some time before it is clear which of the verdicts history might pass. Either way, as John Major charts a way to keep his warring fractious party together a complication on the scale of Sir James is something he could probably have done without.

DIARY

It could be you, if there's room...

I have discovered the real reason why the Arts Lottery Board has a reputed administrative backlog of three months' paperwork. (There are some 628 applications pending, even though 466 awards were made last year, according to a report in last week's *Arts Management Weekly*.)

The hold-up is not because, as has been reported, the board has been inundated with far more applicants than anticipated. It is, I'm afraid, to do with a far more immediate problem in the office. You couldn't swing a cat, let alone a whale, between desks, apparently – one in the classy office next to the Arts Council chief, Lord Gowrie. The building in Great Peter Street, near Victoria, is simply too cramped to recruit the much-needed extra staff.

For three months now the board has been unable to carry out its recruitment plans (it intended to take on 20 extra bodies) because of the cramped conditions. But now I am pleased to say, the situation has been resolved.

"We are extending the third floor," explains spokeswoman for the Arts Council (whose premises the board is located in) "Edincourt is moving up from the third floor to the fourth and finance is moving out of the building altogether. We're going to have much more space and we are currently advertising the job vacancies."

Phew.

Lunch Labour lost?

Methodists new of the Labour MPs who have office in the parliamentary outbuilding, Norman Shaw South (in Whitehall, far away from Tony Blair in the Palace of Westminster) do not have

enough to do. At least, that is the only explanation I can come up with for three of them writing some very banal comments in a book chained to the new vending machines erected in a room off their corridor. I'm sure their constituents will be pleased to note that Audrey Wise, the MP for Preston, laments the lack of Snickers and shortbread while Keith Hill, MP for Streatham, is irritated by the loss of his £1 coin. However, one happy customer, John Denham, MP for Southampton Itchen, is prepared to stand out from the crowd. "I don't want to be a creep but I think the range of food is much better."

I do so hope somebody finds their comments useful.

Wolf in camp clothing

I was startled to see an unlikely symbol of male campness pop up in Ken Russell's production of *Salome's Last Dance*, shown on Channel 4 on Sunday night.

The film, based on Oscar Wilde's banned play *Salome* – it has a homo-sexual subtext – is set in a male brothel. So far so good. But I nearly spilt my cocoa when I spotted a familiar face, standing in the shadows next to young gold-painted slave boys. It was none other than *Gladiators*' most macho, virile fighter – Wolf.

Wolf, who in everyday life goes by the name of Michael Van Wijk, thrives on his image as the aggressive gladiator most likely to terrify the kids and bully the other competitors on the Saturday night show. I imagine his role in the Russell film, made in 1987 in which he wears a leather G-string and minces around as a Roman soldier, is not

something he cares to publicise. Indeed, when I rang the *Gladiators* press office to inquire about it, this seemed to be the case. "This is a private matter for Mr Van Wijk," said a spokesman firmly. I didn't like to remind him that the programme had been broadcast to the entire country the previous evening.

Booming ridiculous

So what happens when the UN Secretary General, Boutros Boutros Ghali, puts the Environment Secretary, John Gummer, on a panel of "internationally eminent persons" to plan a major UN conference on the environment later this year? This panel met in New York yesterday and our globe-trotting Secretary of State decided to get there by the fastest, most expensive and most ungreen-possible method, Concorde.

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Thorny bouquet for small business

The Prime Minister is worried about small businesses, as well he might, given the political mess his ministers have made of the issue in recent weeks. His initiatives yesterday were a welcome sign of interest in vital part of the economy. But it did not get near offering a serious new approach to fostering small businesses amid the uncertainty of the Nineties and so it will not shore up the Tory party's battered relationship with the swelling entrepreneurial classes.

Recent ministerial pronouncements on small businesses have been clumsy. First the Deputy Prime Minister, Michael Heseltine, appeared to endorse late payment of bills. Then persistent questioning from Labour's Barbara Roche revealed that government departments were delaying payments to contractors. Finally last week we discovered that members of the Cabinet were squabbling over Michael Heseltine's desire to remove employment rights from anyone working for small businesses.

Given this backdrop, the Prime Minister's soothing words of affection for small businesses were politically timely. His strongest new recommendation – to shame businesses out of late payment – is a sensible measure. If companies are forced to publish their payment record alongside their accounts, some may be embarrassed into settling up on time. The Government should consider going further. Giving firms a statutory right to claim interest on late payments, or making it easier to pursue their debtors through the courts might prove more effective.

Beyond this however, there was little in Mr Major's speech to resolve the contradictions in the Government's treatment of small businesses. The Prime Minister restated his determination to "bias rules"

which burden businesses. Yet at the same time some policy changes in the last few months will do exactly the opposite. The Asylum Bill, for example, will force all employers to investigate the immigration status of their workers.

Moreover, deregulation is not always good for business. Mr Major was right to resist Mr Heseltine's proposal on employment rights: allowing small firms to indulge in discrimination is not the way to promote competition. Government has a positive role to play too. Small businesses have genuine and distinctive needs. Their relatively small turnover and insignificant market power makes them more vulnerable to the changing behaviour of the economy, larger firms and the government. They need distinctive measures of support. Small businesses have serious trouble finding the skilled staff they need – and they rely far more than larger companies on government training and education policies to help them solve the problem.

Finding a coherent and effective approach to the problems of small businesses is important to the Government's political position. Small business owners have long been a traditional bedrock of support for the Conservative Party. But the composition of the self-employed is changing. In the past, owners of small businesses were predominantly the sons of other small business owners. Changes in the labour market, including higher unemployment, downsizing and sub-contracting, mean that the self-employed today are a more diverse and less predictable group of people. Warm words about traditional Tory values, and the importance of the market are no longer sufficient to capture small business votes. Mr Major will need something more substantial to win them over.

Resisting the roar of the dragon

When the world's two greatest military powers manoeuvre menacingly in a narrow stretch of sea around a disputed island only the foolhardy would argue that there was nothing to be worried about. Every sensible analysis suggests that Peking will rattle its missiles at Taiwan but that it will not risk a conflict.

However, this is not a moment for the West to rest on its laurels. Indeed, it is vital that it responds to China's bullying threats by laying down its own, measured marker of how it will react. For what is at stake in this escalating war of words, gestures and threats is not only the outcome of Taiwan's forthcoming elections but the terms under which China will exert its growing power in Asia after the demise of its ageing leader Deng Xiaoping.

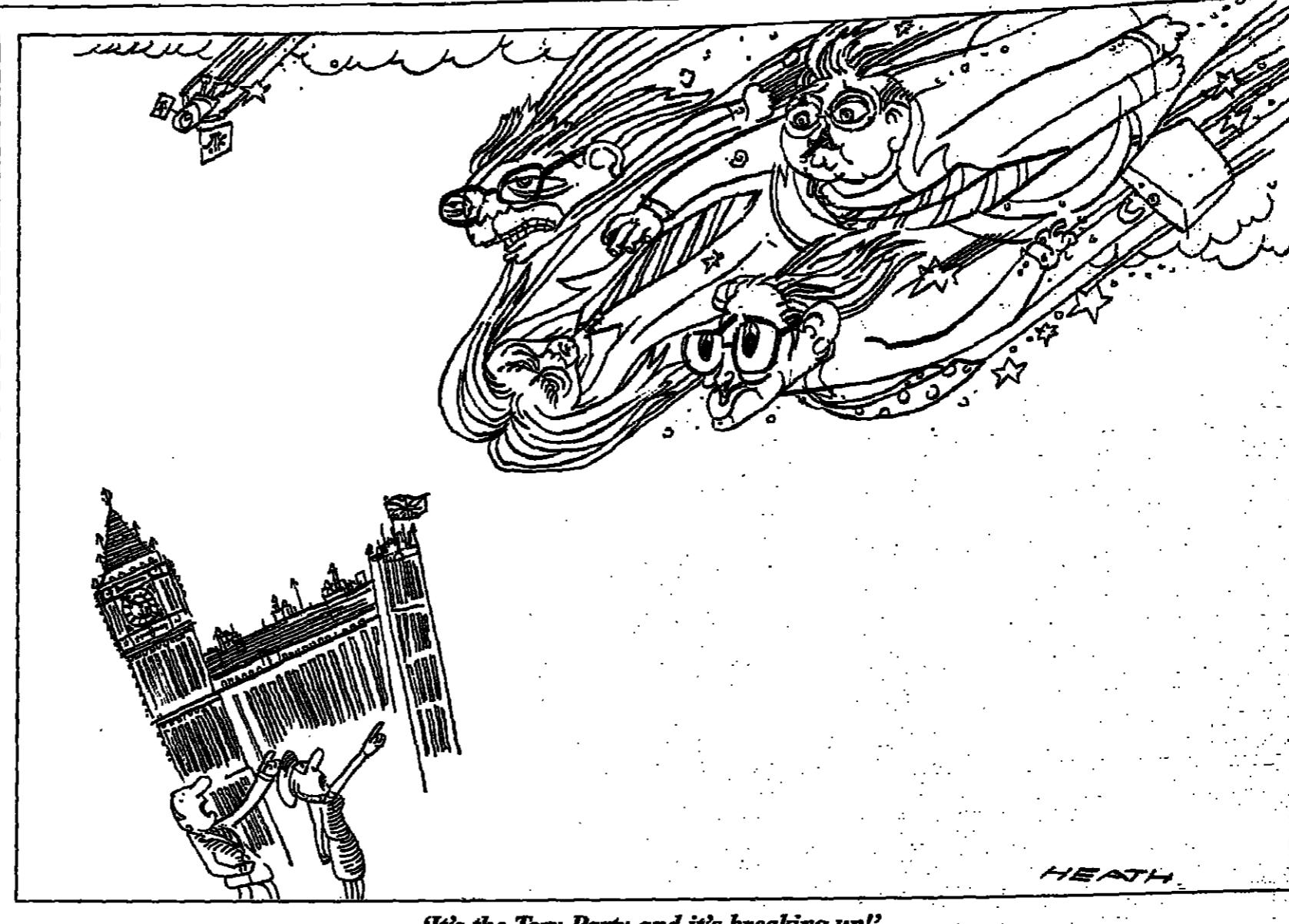
The attacks on Taiwan seem inseparable from the power struggle over the succession to Deng. For thousands of years Chinese leaders have stood, and sometimes fallen, on their ability to uphold the "Unity of the Motherland". With Deng Xiaoping clinging to life but not quite to power, the supreme-leader-in-waiting, President Jiang Zemin, understandably anxious not to show any sign of weakness towards the notion of an independent Taiwan. He has to contend with, and propitiate, ageing generals, flexing their ageing muscles and ageing attitudes.

The forthcoming first open presidential elections, which will confirm the mandate of Lee Teng-hui, who is formally committed to independence,

appears to have infuriated the Chinese. As we have seen in Hong Kong, China regards democracy as an infectious disorder best kept far from its borders. Meanwhile, Mr Lee's campaign for a Taiwanese seat at the UN is calculated to annoy Peking.

In the context of this vicious quarrel between potentially volatile neighbours the Clinton administration was right to strengthen the US naval presence in the area. It may also diplomatically remind China that the West has no "selfish" interests in Taiwan and will not encourage a desire for independence, yet it could not stand by if Taiwan were attacked. Taiwan may not be recognised as a separate state but this warmongering is not an issue internal to China. Taiwan is vulnerable precisely because it is caught in that limb land short of full statehood. It is convenient for the West that it should be kept there, for that eases Western trade with China. In return, Taiwan has every right to expect our support.

Most importantly, with Western investment running at £65m a day, the West must remind China that war and instability could seriously hamper investment. The days are gone when Peking could behave like a surly dragon, occasionally popping its head out of a cave of self-imposed isolation to roar defiance. The West must not escalate the tension by intervening directly, but it must make its presence felt for as long as China continues to threaten.



It's the Tory Party and it's breaking up!

LETTERS TO THE EDITOR

Cloning a nightmare for sheep – and farmers

Sir: While the science media rejoice over the Nuffield Council's green light for pig-human organ transplants and eulogise the creation of cloned sheep at Edinburgh, animal welfareists despair (reports, 7 March, 11 March).

What of the suffering of the breeding sow – her uterus extracted so that the transgenic piglets can be "born" into a sterile bubble? What of the pigs themselves, reared in ultra-hygienic laboratory conditions, when in a natural environment they would spend over half their time rooting in the soil with their highly sensitive snouts.

As for the sheep, each of these cloned lambs is the result of four separate surgical operations on the donor and recipient ewes. Surgery for science and profit, not for therapeutic or even prophylactic purposes. And now we discover that the researchers failed to publish the fact that some of the cloned lambs suffered from "giantism" and congenital abnormalities of their internal organs.

Nor should we forget the farmer's nightmare scenario – a field of cloned sheep all identically vulnerable to the same strain of disease.

Why is it that a moral worth is attributed to scientific research per se?

Is it not time that we stopped and asked ourselves not, "Can

this be done?" but rather, "Should we be doing this at all?"

JONCE D'SILVA
Compassion in World
Farming
Petersfield, Hampshire

Sir: While vague and implausible references are made to possible reductions in human disease, the main gainers from cloning research are clearly the profit-seeking farming and pharmaceutical industries, which are rejoicing in the idea of producing animals who carry more "lean meat" and less fat, and are more resistant to disease.

Yet ewes are already struggling for life as they are pressured to produce not one but as many as five lambs, and to give birth as early as December. Surely creating ewes with less protective fat can only diminish their chances of survival. Already 4 million lambs (15-20 per cent of the total born) die every year within a few days of birth.

BECKY SMITH
Animal Aid
Tonbridge, Kent

Sir: Professor Albert Weal's comment (report, 7 March) that "xenotransplantation promises much" has a hollow ring. Not one xenograft patient has survived more than a matter of months since the first operation in 1964. Despite years of "research" costing millions of pounds and count-

less animal lives – vivisectionists are closer to making this Frankenstein science a reality. Animal-to-human transplants are always fatal for both human and animal victim.

A single xenograft operation costs over £150,000 now, taking funds away from real public health initiatives. The millions spent on xenotransplants could more usefully be used to encourage human donors to come forward. It would only take another 20,000 donations every year from a population of 56 million. A human organ must give a human-being a better chance of survival and it removes the risk of disease crossing the species barrier – a horror story waiting to happen.

PAUL GAYNOR
People for the Ethical
Treatment of Animals
London NW1

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ROBIN LAURENCE
Beaconsfield, Bucks

Don't rush into a referendum

Sir: The Conservative Party's response to the perceived threat of Sir James Goldsmith's Referendum Party will be anything greater than that of the UK Independence Party at the last election.

Hasty, and clearly an overreaction, is the Government's present flirtation with a referendum on the issue of a single currency (report 11 March). This will certainly not be enough to buy off James Goldsmith. He wants a referendum now, allowing the public a retrospective vote on the Maastricht treaty and Britain's relationship with the European Union, not a hypothetical promise of a referendum if and when Britain joins the single currency.

ANDREW RED
Girton College,
Cambridge

The writer is the president of the Young Conservative group in Europe.

Unfair burden on employers

Sir: Your welcome to the life-saving pig (leading article, 7 March) comes a little late. The animal has been of service to sick humans for more than 20 years.

JOHN BROWN

By the early 1970s plastic surgeons were using pigs in the treatment of serious burns. The animal's carefully treated skin was found to have several advantages over the man-made dressings. Pain was reduced, so too was fluid loss and shock; there was less chance of infection and a much greater chance of quick healing.

ROBIN LAURENCE
Beaconsfield, Bucks

Sir: If a person provides employment to a worker for one day then the employer is seen as doing the worker a good turn and is in no way under an obligation to that worker. One might assume that if the employer provided employment for a longer period (say five years), then he would be seen as doing the worker an even better turn and not under any obligation to the worker.

That is not the case. The employer is expected to assume all sorts of responsibilities, some very onerous indeed, thus dis-

couraging the hiring of staff ("Tories clash over plan to scrap job rights", 8 March).

If society, and the government which represents it, believes that workers should be offered compensation when losing their jobs then the government and taxpayers should foot the bill. If such an arrangement would cost the taxpayer nothing, then the economy would be stimulated thus increasing tax revenues while reducing the cost of unemployment pay.

R. J. G. SIMPSON
London W4

High-quality guidance will before post-16 choices point out the 'credible' alternatives, including the GNVQ route, which many more admissions tutors and employers are welcome to.

In addition, schools must implement academic access. The acquiring of skills must begin well before 16, as should the realisation by pupils of all ages that they have responsibility for their own learning. The lifelong learning process has to begin in schools. Successful companies regard such an approach as essential in future employees.

OLIVER OPIE
Head of Educational Services
The Industrial Society
Birmingham

The writer is Liberal Democrat spokesman on Social Security.

Education means skills for life

Sir: Your report "A-level exams will be made harder to pass" (6 March) will not make encouraging reading, either for future sixth-formers or for those interested in the country's prosperity.

Examinations ought to be rigorous. But to rank subjects in degrees of difficulty is unhelpful, and only widens the traditional academic-occupational divide.

Other important questions concerning A-levels need to be discussed. The two key issues are failure and drop-out rates.

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OLIVER OPIE
Head of Educational Services
The Industrial Society
Birmingham

The writer is Liberal Democrat spokesman on Social Security.

Blair offers peers a mess of pottage

Sir: Tony Blair ("A lifetime of

lunch without peer", 11 March) asks hereditarily peers to give up

their speaking rights in return for

keeping lunching and dining

rights at the House of Lords. He

is literally asking us to sell our

birthright for a mess of pottage.

This does no more than confirm me in my opinion that he is a smooth man.

Were he to ask me to sell my

birthright for a House of Com-

mons elected by a voting system

that makes it truly representa-

tive of the people he might get a dif-

ferent answer. After all, that's my

birthright too.

EARL RUSSELL

House of Lords

London SW1

The writer is Liberal Democ-

rat spokesman on Social Security.

Ward on crime

Sir: There is a terrifying corol-

ary to Lord Taylor's very per-

suasive argument (report, 11 March).

Whether or not to prescribe a

licensed preparation has to be a

clinical decision by the doctor

concerned.

What did happen was that I

received a letter in November last

year, signed by all 25 consult

ant neurologists in Scotland, express-

ing the view that "there is not

enough evidence to recommend this

drug to MS patients in routine

clinical practice".

It would be wrong to say that

they were not

concerned.

The same view was subse-

quently expressed by the direc-

tors of public health of the 15

Scottish health boards, and, I

understand, is shared by many

neurologists working in other

parts of the UK.

Dr R. E. KENDALL

Chief Medical Officer

Department of Health

The Scottish Office

St Andrew's House,

Edinburgh

Clive GRIFFITHS

London N16

The writer is a neurologist.

comment

Go on Tony, make my day

The creation of more public holidays and other such wheezes mean more to the voter than the PSBR

Tony Blair's furrowed-brow lectures about "government's hard choices and the need for strict priorities are, no doubt, sensible. But they are not cheerful. They add to the impression that life under Labour would be, in too many ways, just like life under the Conservatives. So Mr Blair has asked his shadow cabinet for "no cost/low-cost measures" which could be passed early without clogging up Parliament.

A pejorative way of putting it is to say that he wants gimmicks. But gimmicks, or pleasing wheezes, should not be underrated. Outside Northern Ireland, John Major has probably had more positive influence on people's lives by setting up the National Lottery and deregulating pub hours than with the rest of his legislation put together. The idea that politicians might do things to make people happier may be novel, but it shouldn't be rejected out of hand.

So what might such a list include? Policy wonks are working and think-tanks are bubbling. MPs such as Chris Mullin have published their thoughts. But this is a game anyone can play. Here, hoping to kick off a conversation, are 10 reforms I'd like to see.

Dynamite Night. The National Lottery rules would be changed to ensure that, every month or so, some money raised would be used to blow up a hated building. Most British cities are distinguished by some architecture that actually makes people feel worse when they pass it. Examples can even be found in cities such as Edinburgh, which are otherwise near-perfect, and in smaller gems such as Ludlow, Norwich and

Shrewsbury. Destroying them would raise our spirits and give a greater sense of popular control over urban environments. The buildings would be chosen by local ballot. Any that attracted, say, 20 per cent local support would, however, be saved as a safeguard against anti-modern philistinism.

Speaking French. Making a closer union of the peoples of Europe is not something that will be accomplished by politicians. We will be bound together by shared work, inter-marriage and travel, and not at all. There are no EU proposals from any British party that would do half as much good as trying to ensure that all children left school truly fluent in another European language.

Trafalgar Square. Should be pedestrianised, as the first stage of a plan to close other chunks of central London to cars. Global warming will ensure a ready market for open-air eating in the capital's prime central spaces. (But avoid the pigeon *en croute*.)

The February problem. We don't have enough public holidays and those we do have are clustered together. The real need is for something to cheer up February, that grim runt among months

hidden from view, either in government offices or in gallery basements, because there isn't enough space to show them. They should be sent around the country, to smaller galleries and the foyers of company offices, to be properly enjoyed. Some would be stolen, but since no one sees them at the moment anyway, that wouldn't matter too much.

The Wildwood. This is the name of a dream, the remaking of truly wild forest in northern Scotland. Wildwood was described by Neal Ascherson as "something shaggy and trackless... a green universe into which men and women can go to become lost children in a fairy story". Only slightly more prosaically, various ecological trusts and conservationists are hoping for Millennium Commission money to replant parts of the ancient Caledonian Forest. But there is much more that government could do. It could finally make the

National Art Scandals. Britain's great art collections include hundreds of paintings and sculptures that are



ANDREW MARR

We need to cheer up February, that grim runt among months

Cairngorms a World Heritage Site. It could end the oddity of Scotland having no national parks. Above all, it could set limits on foreign ownership of land, as other countries do, to keep the prices of estates in reach of environmental bodies, and our dreams.

Domesday Britain. We could collect, community by community, a vast account of Britain in the year 2000, organised by volunteers. Unlike the original Domesday Book, it wouldn't list our cattle, churches and pastures, but our hopes, fears and private achievements. Personal testaments would be stitched together to make a patchwork "living novel" of the British now. This would rest in local libraries to be read – or forgotten – by future generations.

Going Asian. The twinning of towns and villages is fine so far as it goes. But that is a merely European affair. If this is to be an Asian century, should we not twin Britain with an Asian nation? South Korea, with its 45 million people, would be an obvious candidate. We have a lot to learn from them, and they from us. It's poorer than Britain but, with growth of around 5.5 per cent a year, is catching up fast. Some may object about the Korean habit of eating dogs but given the gross over-supply of domestic dogs here, there are surely deals to be done.

Honours and Dishonours. The most popular part of the British honours system has nothing to do with Knight Grand Crosses, Bathes or Empires; it is the *Today* programme's man or woman of the year award. But, like the other honours system, this is in grave danger of being discredited by the Conserva-

tive Party, widely suspected of organising phone-in campaigns. Instead, Blair could come to a deal with the BBC: it would organise a proper ballot and, in return, he would give the winner and runners-up seats in the House of Lords. This would be democratic, cheerful and costless.

Mark. That last reform could also, of course, produce new Tory peers. But such Labour generosity cannot be taken too far; a list such as this ought to include the odd act of random political spite – something, as it were, to even the score for the abolition of the GLC. One very popular such measure would be to strip Mark Thatcher of the baronetcy he is due to inherit from his father. Debréts tell me this would only be possible if Parliament declared him guilty of high treason first, which might seem a trifling harsh.

Can intensely irritating the nation be properly regarded as treason? I think it is typified by wild market fluctuations. You have been

warned.

More routine is the recogni-

tion

that markets are driven by investor psychology. In late

1986, the FT-SE 100 index burst

out of the doldrums to produce a rally of 62 per cent before it peaked in July 1987. We all know what happened after that: the stock market crashed.

That 62 per cent is one of the

magical numbers discovered by a

13th-century Italian monk

called Fibonacci.

It seems to have a remarkably powerful and widely recognised significance for the way that markets work. Take, for example, Nasdaq, which is now the busiest US stock market. On the 23 February, the Nasdaq index touched a level that represented a 62 per cent gain from the important low that it reached in mid-1994. It has not regained that level since. A few people at least may have read the worst from the omens. When the markets in the US grew shaky, those who are prepared to combine the musings of a 13th-century monk with the implication of a Chinese year sign would not have been surprised.

These weird theories aside,

however, the reason for London's weakness is in fact

simply the unpopularity of

London.

That is exactly what started

happening during January. All

around the world, bond prices

began to fall. Only gently at

first, but that was enough to

put immense pressure on those

people who had bought bonds

with borrowed money. They

were forced to sell, adding to

the downward pressure. And,

by last Friday, the bond markets

were full of investors who had

become worried about their

investments. When that US

employment statistic was pub-

lished, they were ready to panic.

So the truth behind the sell-

off may be almost as bizarre as

the wacky theories involving the

Chinese New Year. What the

last few days have demon-

strated – yet again – is that it is

as easy to lose money on the

markets by being right as it is

by being wrong.

lead to a build-up of inflationary pressure.

This economic "explanation" sounds plausible, but there are one or two problems with it. Above all, the evidence of a rebound in growth and inflation is far from convincing. Other economic indicators suggest that the 705,000 figure is a freak.

The real answer may well lie closer to the markets' home. The trouble is that at the beginning of the year the markets had all reached the same conclusion at the same time: growth would be subdued; inflation would not be a problem; the dollar would be strong; interest rates would continue to fall.

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Rats fearing a sinking ship

A herd instinct among investors accounts for yesterday's stock market jitters, says Robin Aspinall

lead to a build-up of inflationary pressure.

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obituaries/gazette

Marie-Hélène de Rothschild

Marie-Hélène de Rothschild was the wife of Baron Guy de Rothschild, head of the famous banking family. She was well known in France for her lavish hospitality and in particular for some magnificent balls she gave in the 1960s and 1970s at the Château de Ferrières. They were attended by the *gratin* of European society and by such luminaries as Jane Birkin and Serge Gainsbourg, but she drew the line at Aristotle and Jackie Onassis.

Her greatest triumph was the Proust Ball in December 1971, in celebration of the centenary of the reclusive author's birth. Some 350 guests sat down to dinner, with 350 more for a late supper in the dining room, decked with palm trees and ferns and squares of trellis. They ate cordon bleu, quenelles of lobster, duck stuffed with *foie gras* and *foie canard*, decked with pineapple, small mirabelles and a delicious prune jam. The feast ended with pistachio bombe glacée, and it was all served on pleated mauve table cloths, adorned with mauve orchids. Torches lit the way to the château and chandeliers hung out of the windows.

The guests came in costume and were photographed by Cecil Beaton, adorned as the photographer Nada. Beaton set up a special studio for the occasion, taking portraits of Marisa Berenson as the Marchesa Casati, Audrey Hepburn, Princess Grace of Monaco and Elizabeth Taylor. The Duchess of Windsor, described by Beaton as "a mad Goya", was decked with a large blue feather. At dinner, as she turned her head, the feather dipped into the consommé or gravy and then brushed Baron Guy across the face.

In 1972 there was a Surrealist Ball at Ferrières. The pudding was a life-size model of a woman, naked but for a rose, ly-

ing on a bed of roses, the whole thing made of sugar. The invitation was printed back to front, the reversed writing transposed on to a sky by Magritte.

Described as a legendary

hostess whose name was the

password among *le tout Paris*,

the Baroness was also a considerate fund-raiser for medical research, and a patron of artists, musicians, movie stars and couturiers.

She could also take credit for the advancement of an employee of Rothschild Frères, contributing to his later success in politics. Baron Guy chose to keep his business and private entertaining strictly separate, his business friends being restricted to a shoot a year at Ferrières. One year one of the guests was the manager of Rothschild Frères, Georges Pompidou. In the words of Baron Guy, Marie-Hélène "immediately detected the amazing richness of the human being behind the man who arrived for his first weekend, a bit awkward, reserved to the point of shyness, moreover a businessman (*a priori* suspect), uncommunicative . . .". Marie-Hélène's mother described him as possessing "one eye a vixen, the other a rascal". Pompidou became a close friend of the Rothschilds. He had already worked for de Gaulle. The dual influence propelled him forward.

Later Baron Guy took credit for Pompidou influencing de Gaulle in France's entry to the Common Market. Pompidou had become "European" as a result of his experience in working at the rue Laffitte".

Marie-Hélène was the

daughter of Baron Egmont van Zuylen, rich diplomat from one of the oldest families in the Netherlands, in the service of the King of the Belgians. Her mother was Egyptian. Her father owned the magnificent Château de Haar in Holland.

Marie-Hélène was educated at Marymount College in New York, where she considerably developed the spontaneity she had inherited from her mother.

Following graduation she came to Paris and married her first husband, Count François de Nicolay, a breeder of thoroughbreds in the Sarthe region. They had one son, Philippe, and shortly afterwards divorced.

Her second husband was Baron Guy de Rothschild, head of Rothschild Frères, the largest private bank in France, but later nationalised. They met at a gala in Deauville at which Edith Piaf provided the cabaret and he presented the prize of two cases of Château Lafite to the Nicolays. The Baron was much struck by the young countess. Eventually they were married in 1957.

For him too it was a second marriage. The union was controversial because the bride was Catholic and he was Jewish. She was obliged to obtain a papal dispensation to annul her previous marriage and remarry outside the faith. He was forced to relinquish the presidency of the Jewish community in France. This was the first non-Jewish wedding for a head of the Rothschild clan, though, interestingly, Marie-Hélène's grandmother was the daughter of Salomon de Rothschild, Guy's great-uncle. Their son, Edouard, was raised as a Jew.

The Baron described his wife as having "a fabulous appetite for life, emotions always at their height, a spontaneity with a thousand facets, as ever-changing as the sea. And charm, which defies description".

Zhivkovitch, the cellist, said that she had a heart "that was bigger than all Russia". Richard Burton and Elizabeth Taylor were great favourites in the late 1960s. His description of Marie-Hélène was sharper than most:

"She is quite an ugly woman with a large hooked nose and an almost negroid mouth but very beautiful blind eyes, and the vivacity of her manner and her machine-gun delivery in both languages makes her very attractive."

She was indeed rather gaunt. The explanation was that she was a sufferer from arthritis as from early as 1962. Her husband wrote: "It may seem incredible that her exuberance is all too often shattered by pain". Lately her illness confined her to her bed for some years.

The de Rothschilds were both keen race-goes and breeders (with 50 mares at stud). She had her own colours from 1953. Their horse Exbury won the Arc de Triomphe and the Coronation Cup. Shantung came 3rd in the 1959 Derby, and Baron Guy won the Eclipse Stakes with Tropic. His best horse, Vieux Manoir, won the Grand Prix de Paris. The Queen visited the Rothschild stud privately on her visit to Normandy in 1967.

They restored the family château, Ferrières, and reopened it in 1959. The proper-

ty dated back to 1855 and was designed by Joseph Paxton, the architect son of the Duke of Devonshire's famous gardener. It was hailed as "the finest example of Second Empire style". King William I of Prussia declared: "What an incredible palace! A king would not have dared to build it. It took a Rothschild!" Almost all the Rothschilds lived in a manner dubbed the "Rothschild style" - a mixture of Napoleon III *objets d'art*, comfort and luxury, with precious miniatures and rare books mixed in with family photos, plants and flowers.

Eventually in 1975 the Rothschilds gave the château to the University of Paris, and settled in a smaller house on the estate (of which, after initial reluctance, Marie-Hélène remained at the time of the sale).

They also lived in the historic Hôtel Lambert on the Ile-Saint-Louis in Paris, where their great friend, Alexis de Redé had a splendid apartment. When the Hotel was for sale in 1975 Marie-Hélène persuaded Baron Guy to buy it: "Do you feel young? . . . Young enough to change the course of your life

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COMMENT

For a moment, it looked as if fear was getting the upper hand. A mere statistic was enough to lead to a dramatic change in perceptions about which way interest rates in the US are heading.

The world changes and markets change alongside it but the forces that guide and mould them do not. Economic fundamentals are only part of the story here. They both affect markets and are affected by them. But primarily it is the psychological factors of fear and greed that drive stock markets. They always have done, and always will do. The secret of stock market prediction, therefore, is correctly to read when the one is going to take over from the other.

For a moment there, it looked as if fear was getting the upper hand. A mere statistic – the US equivalent of our own unemployment figures – was enough to lead to a dramatic change in perceptions about which way interest rates in the US are heading. More cuts had been confidently expected, further fueling this extraordinary bull run in equities. Now, with the US economy apparently heading for overkill, the expectation has swung 180 degrees: the next move will not be down, everyone is saying. Disaster – well, on Friday at least. With a weekend to sleep on it, the pundits are now not so sure. Wall Street was like a yo-yo yesterday, not knowing which way to go, and the situation looks harder to read than ever.

For what it is worth, here is the bear case for London equities. Let us assume that US interest rates are at the very least now on hold with the likelihood being that their next move is upwards. Despite the pause for breath yesterday, that cannot be anything other than bad news for US Treasury bonds. If they go

lower, gilts will go lower too, for bond markets are global nowadays and tend to move in tandem so that national differentials are maintained. Given that London equities are already expensive relative to gilts, any adverse reaction in gilts is going to cause shares to tumble.

Kenneth Clarke, the Chancellor, wants to see at least another half-point fall in British base rates. He believes that this is not only possible but also justified by the data. In the past he has been lucky and things have swung his way. Increasingly isolated in the Cabinet over Europe, his luck may now be running out. It is going to require an extraordinary and wholly unforeseen change in international and domestic economic conditions for him to justify that extra half point. Enfeebled though the Bank of England might be, the Chancellor is not going to be allowed to get away with it.

The other factor that has been holding up the London equity market, takeover fever, is also fading fast. There are still plenty of deals in the offing, but there is also a great deal of hesitation. Unsold markets – worse, markets that could fall heavily – are a bad backdrop for deal-making. Political uncertainty is adding to the "wait and see" mentality. Who knows when the general election might be, but the odds are fast shortening on the autumn and if that is the case, there are not going to be any big takeovers after May.

All things considered, then, things do not

look good for London equities, not good at all. Wall Street's mini-correction should not be written off lightly. It seems unlikely that we are heading for a crash similar to the one that afflicted world markets in 1987, but this year's bull market certainly looks to be over.

All the high street in a supermarket

Petrol, Post Offices and now Sketchley dry

cleaners. The big supermarket chains, in their search for new lines and sources of profit, continue their assault on the traditional preserve of the high street.

As it retrenches, with the closure of 160 branches, Sketchley is expanding out of town by opening an unspecified number of branches in Sainsbury supermarkets. Presumably it is only a matter of time before betting shops, travel agents, estate agents, and building societies are all there too, available at your local supermarket. Why, it cannot be long before we are all nipping down to Sainsbury's for a pint as well.

The decline of the high street and the ever onwards and upwards march of the big supermarket chains is a long established trend, but we are surely witnessing something new here. In part, it is the decline of the high street brand name. Sketchley still has an upmarket ring to it, but on the whole it is perceived as just another bog-standard dry cleaner, to all intents and purposes indistin-

guishable from the one next door. But it is more than that. In an increasingly competitive world, it is also about the need to share costs and overheads. Furthermore, purveyors of specialist services need to go where the customers are. These days it tends to be the supermarket, not the high street.

Small businesses are a big election issue

Michael Heseltine, champion of small firms in his competitiveness drives when at the Department of Trade and Industry and now the Cabinet Office, was a distinguished absentee from yesterday's small business conference in London to launch a package of new policies for the supposed benefit of the entrepreneur. This perhaps was not too much of a surprise, since he would have risked a barrage of questions from the floor about his own admission that he had been a bad paver in his early business career.

But leaving aside Mr Heseltine's embarrassment at losing the initiative on an issue dear to his heart – the competitiveness of small firms – the real significance of yesterday's package was not the individual measures. It was the fact that the Prime Minister has taken over presentation of the policy.

According to a DTI minister, Mr Major's interest had an immediate impact inside Whitehall, where log-jams started breaking. The most obvious example was his insistence

that another look should be taken at enforcing disclosure by large companies of their late payments record. Only a few months ago, employers had successfully shot down this proposal and persuaded the Government to accept the second-best option of publication of companies' payment policies.

The statutory instrument enforcing disclosure of corporate policy went through the Commons only in January, but already it is looking out of date. Policy is one thing, practice often quite another. The policy statement compromised always did look unsatisfactory.

Most of the new measures for small firms, including those on late payment, are far from final decisions and must go out to consultation to see if they will work. But whereas in the past this formula has more often than not been a prelude to shelving anything remotely controversial or difficult, the Prime Minister's involvement tells a different story.

Small business is becoming an election issue, because of its impact on growth and the large number of jobs it creates. Next week, Tony Blair is to introduce a Labour conference on small business at which many of the personalities at Mr Major's jamboree will resurface, along with their shopping lists for government action.

Anybody with a decent idea for improving the lot of small business will be pushing at an open door over the next few months, as the two parties try to outdo each other. In the policy field, small businesses have never had it so good.

Colorvision dives after OFT's move on licences

NIGEL COPE

Shares in Colorvision slumped 12 per cent yesterday when the Liverpool-based television and video retailer issued a profits warning following the decision by the Office of Fair Trading to revoke its consumer licences in January.

The company complained bitterly about its treatment by the OFT and said the issue now threatened its survival. The board has appointed advisers to identify companies who might buy a stake in the group.

As the shares fell 3p to 23p compared with their 250p peak in 1988, chairman Neville Michaelson said: "It is a tragedy that this case has been allowed to go so far without any debate as to the consequences and how it could be resolved. The directors will continue to fight to preserve this 32-year-old business on behalf of its 750 employees, our shareholders and the 200 sub-contractors and small businesses who are dependent on us."

The company has appointed Anthony Scrivener QC to act on its behalf on its appeal against the OFT decision.

Mr Scrivener said: "In my opinion it is clear that the OFT has misdirected themselves in law and in fact on many important issues. I have no hesitation in advising the company to appeal."

In its trading statement yesterday the company said it now expects losses for the year to March 31 to be greater than current expectations among analysts of a £750,000 deficit. The company said it was unlikely that there would be any major improvement in trading until the issue on credit licences had been resolved. Sales excluding satellite systems have been 29 per cent down on the comparable period last year.

The OFT stripped Colorvision of its consumer credit li-

ences after concluding that the company had used misleading price information, not offered refunds where appropriate and entered false information on credit arrangements.

Colorvision is appealing against the decision and has said its infringements have not been unduly serious or unique in the industry. That process could normally take up to a year, however the OFT has now agreed to meet with the company to discuss the issue. No date has been fixed as the senior OFT official who will be chairing the meeting is on leave.

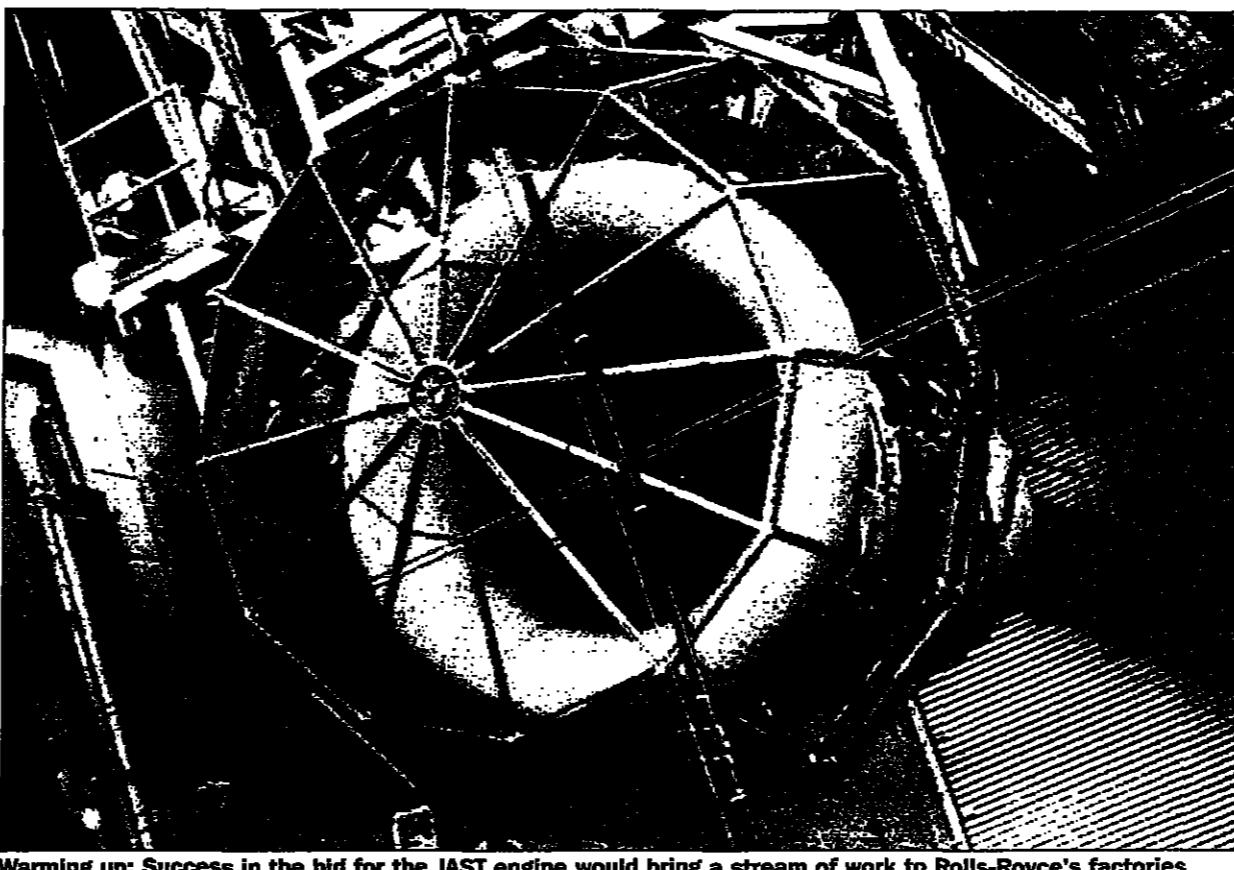
Colorvision gave immediate notice of appeal to the DTI and pending the outcome of the appeal, the company's credit licences remain in place. However, the company said the OFT statement contained "emotive statements" which had achieved widespread publicity.

Speaking on the company's Mr Scrivener QC said that the group's credit licences were renewed by the OFT in September 1993 and that much of the evidence that gave rise to the decision, predicated that renewal.

Colorvision says it has developed new procedures and training methods to deal with any problems.

Colorvision was once a stock market darling in the late 1980s. But since then the recession and the cut throat conditions in the electrical retailing market have taken their toll.

The company said in January that it said it had been singled out by the OFT and said that the company would not have survived for 32 years if it had not treated its customers correctly. But the bad publicity seems to have cast a pall over the group and its market capitalisation has now slumped from its 250p peak in 1988 to just 4.5p yesterday.



Warning up: Success in the bid for the JAST engine would bring a stream of work to Rolls-Royce's factories

Rolls and GE fighter forces join

RUSSELL HOTTEN

Rolls-Royce is joining forces with its arch-rival, General Electric of America, to produce an advanced engine for a new-generation fighter aircraft.

The deal, announced yesterday and which also brings Rolls' American division, Allison Engine, into the partnership, creates a formidable force to challenge Pratt and Whitney's rival military engine.

Rolls, GE and Allison intend to form a more integrated business consortium with the next few years, the companies said.

A new engine is needed for the Joint Advanced Strike Technology aircraft, expected to be the only new US fighter programme in the next 30 years.

Three US aircraft-makers –

Boeing, Lockheed and McDonnell Douglas – are working on designs of the new fighters, which are also expected to replace the Royal Navy's Harrier jump jets.

Rolls estimates that US/UK

orders could total 3,000 early next century, with considerable additional export potential.

Under the agreement, GE would act as lead systems integrator for engine development work, and Rolls would work on the design and development of the fan.

By drawing on the strengths of the three companies, this team can produce the range of technologies to meet the challenging JAST requirements," said Charles Hughes, Rolls' project director for future combat engines.

The engine-makers hope that their YF120 cruise engine can gain the lead over the F119 engine being developed by Pratt and Whitney, which is leading the competition for the order in the early stages.

The Rolls partnership is also working on developing a GEA-FXL lift engine that would initially get the fighters into the air.

GE and Allison, bought by Rolls last year, have co-operated on developing new propulsion technologies for the US government since 1993.

Meanwhile, reports in Germany said a possible engine alliance between the Daimler Aerospace unit MTU and a joint venture between BMW and Rolls is increasingly unlikely.

Berensen affirms intention to keep holding in Rentokil

RUSSELL HOTTEN

Rentokil's majority shareholder, Sophs Berendsen, yesterday moved to kill speculation about its long-term commitment to the company should Rentokil's £1.9bn takeover of BET succeed.

The Danish company, whose 51.7 per cent stake in Rentokil would be diluted to about 35 per cent after a takeover, said it would not sell its holding for at least five years.

Berendsen's commitment to Rentokil was called into question over the weekend after damaging reports that the Danish company's chief executive, Hans Werdelin, wanted to re-

duce the stake to 25 per cent. Sophs had previously undertaken to remain a "long-term shareholder" and had said it would keep its shares for at least one year.

But in a statement to the Copenhagen stock exchange yesterday, Mr Werdelin said: "In view of continued speculation as to Sophs Berendsen's long-term commitment to its Rentokil shareholding, the board confirms its previous statement that it intends to remain as a long-term shareholder in Rentokil. In particular Sophs is happy to undertake that it will not sell Rentokil shares for at least five years."

BET has sought to exploit a

potential rift between the rival business services company and Berendsen as part of its first defence document, posted to shareholders on Sunday night. BET forecast a dividend of 5.1p for the year to 30 March, a 37.5 per cent rise over the previous year, and said a profits forecast would be made "in due course". BET repeated that there was only a 25 per cent overlap between the two businesses. "There appears to be no strategic rationale for combining the business," the company said.

BET shares were down 1.5p to 193p, while Rentokil slipped 5p to 343p on a difficult day for the whole stock market.

The failure to reach a deal could have serious consequences for MTU, which has been restructuring as part of Dasa's Dolores ("dollar-low rescue") program.

The companies had hoped to formulate an alliance by the end of February, but the date has come and gone.

"We must draw our conclusions from that," a BMW spokesman said.

According to Reuters, industry sources said MTU's existing co-operation commitments with Pratt & Whitney make it impossible for it to team up with BMW/Rolls.

Dasa declined to comment on a report in Germany's *Handelsblatt* newspaper that the co-operation talks had collapsed.

Daly to retire at Rank

James Daly, managing director of the film and television division at Rank Organisation, will retire on 10 April following a recent illness. Mr Daly leaves after 34 years service with Rank, the last 14 as a main board director. Philip Clement, president of Rank's world-wide film and video processing businesses, will be replacing him.

NatWest Mortgage Rate

With effect from 11 March 1996 for borrowers whose applications

have been signed but whose mortgages have not been drawn, and from 1 May 1996 for existing borrowers, the NatWest

Mortgage Rate payable under current Mortgage Deeds and Conditions of Offer will be decreased from 7.49% to 7.25%.

This change will be reflected in existing borrowers' repayments from 5 or 22 May 1996.

National Westminster Home Loans Limited

41 Lothbury, London EC2P 2BP

Bank of Ireland Base Rate

Bank of Ireland announces that with effect from close of business open 11th March 1996 its Base Rate has decreased from 6.25% to 6%.

Bank of Ireland

Head Office, 34 High Street, Slough, Berkshire SL1 1ED



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A growl as bond markets show their teeth

It is equities that hit the headlines but bonds are arguably more important.

It is always difficult in the midst of a period of market turmoil to judge how the twists and turns of a few days' trading will be seen in the long march of history. We can, for example, now put the crash of October 1987 into a historical perspective: a serious reaction of a market which had run far ahead of itself, but also a fine buying opportunity in what was still a strongly rising bull trend. At the time we just could see the reaction, not the opportunity.

Now the talk is of 1987 again, with (as noted here last week) the feeling that even if share prices around the world do end the year higher than they began, the end of the bull market will occur in the next 18 months. But when we can see this particular period in perspective I suspect there will be more attention paid to the bond market than to equities, for bonds will be seen as giving the lead to equities.

The peak in the bond market will occur before that of equities and therefore be a lead indicator of share prices.

We may well already have passed that peak; bond markets around the world have been in retreat for a bit over a month. The US 10-year treasury yield had come down to 5.6 per cent in the first weeks of the year; by the middle of last week it was about 6.1 per cent,



ECONOMIC VIEW
HAMISH MCRAE

and yesterday it was between 6.4 and 6.5 per cent. If you look at the change in capital values, rather than in yield, that is a fall of about 15 per cent in little more than a month. Had that happened in equities, it would be ranked as a crash.

But it is a long way from noting the sharp reversal in the bond market to arguing that a similar reversal in equities will

on a 20-year view the interest differentials between countries with hard currencies and those with soft will shift: some currencies will establish a better rating, others a worse. But the lags are long. On paper, French yields ought to be at least as low as German. The country has similar or lower inflation, slightly lower public debt levels, and is in current account

led to a deterioration in investor confidence in bonds?

Put aside fashion – markets are always susceptible to that and there will have been some element which simply reflects a change of mood. But behind that there seem to be two main forces at work. One is the lagged effect of a much easier money policy in the large developed countries; the other, growing confidence that the present pause in world growth will be just that and not a harbinger of a serious recession.

What has been happening to money and credit in the Group of Seven economies is shown in the graph. There was no clear trend right through the 1980s, though since inflation was much higher at the beginning of the decade than at the end, the flat lines concealed a loosening of monetary policy.

If you believe in the power of the bond markets as a means of curbing inflation, investors have little to fear in the very long term.

But eventually money is likely to feed into goods inflation, as opposed to asset inflation, and that is one fear of the markets. We have seen a sharp rise in the gold price, something which would be absurd were the long-term downward trend in inflation secure. The gold market is not a lead indicator of anything, but it does give a crude measure of the level of fear about inflation.

Whether people are right to be worried is another matter, for this fall in bond prices, if sustained, will have the effect of tightening monetary policy. If you believe in the power of the bond markets as a means of curbing inflation, investors have little to fear in the very long term.

Meanwhile, the markets exert that power by pushing up bond yields. So maybe what bond investors are really fearing is not the resurgence of inflation, but rather the steps that the markets will take to prevent that represents a marked easing in monetary conditions.

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"expect a recovery in

G7 growth" view. The US

The starting point in trying to "call" equity markets is to understand what is happening to bonds

take place. To some extent the two markets are driven by similar forces, but they can for quite a while move independently of each other, for the links are elastic. Still, if the bond markets continue to head south, at some stage this will unset equities. So the starting point for trying to "call" the equity markets is to understand what is happening to bonds.

It is probably easiest to think in world terms, rather than in national, because in the medium term all the markets move pretty much together. Perhaps

surplus, not deficit. If you believe the politicians both franc and mark bonds will in any case be transformed into the new euro at present parities.

The perception of the markets is different: French securities are deemed "worse" than German and so carry a higher interest rate. It is 14 years since the strong franc policy was established, and it still has

failed to convince the markets of its durability.

If you think in world terms, then, the question is this: what has happened globally that has

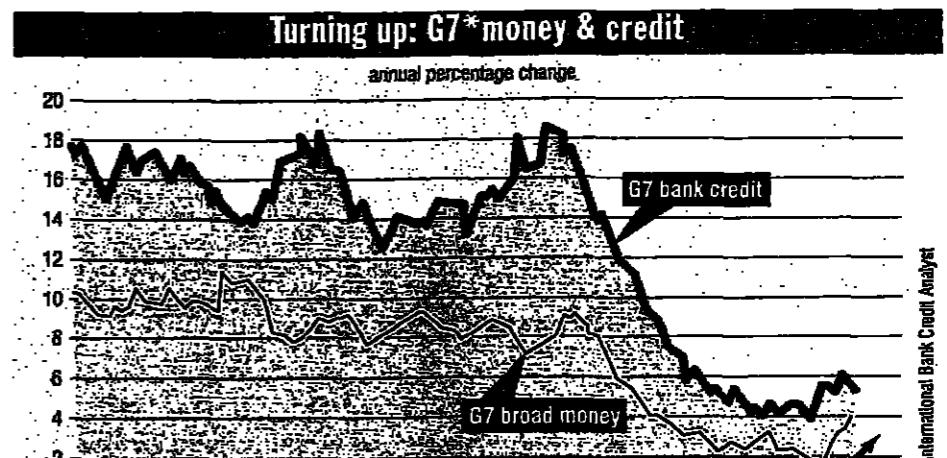
had any impact on world output for the lags in the system are at least 18 months, perhaps two years. But this easing has helped support world securities markets. Indeed one of the

main reasons – maybe the

main reason – for the strength

of the bull market last year has

been high global liquidity.



Source: The International Bank Credit Analyst

the world and you can construct a decent argument to support the "expect a recovery in G7 growth" view. The US

bring the prospect of faster growth by the autumn; Italy is OK; so is the UK, thanks to domestic consumers; likewise

One of the main reasons for the strength of the bull market last year was global liquidity

looks better than a few weeks ago; there does seem to be some growth in Japan at last; Germany and France will have very slow growth in the first half of this year, but that will

Canada. Outside the G7, the newly industrialised countries are continuing decent growth.

Now this quite rosy view may be wrong and the world will plunge back into recession. In

that case there would no rise in short-term interest rates later this year and bond markets (though not equities) might well recover. But at the moment the danger of recession is not particularly evident.

How does all this square with the view that the long-term downward trend in inflation is secure? The answer is simply that in order to bolt down inflation, every now and again, bond markets have to show their teeth by jamming up interest rates. See their behaviour in recent weeks as a growl.

Foreign Exchange Rates

Country	Sterling			Dollar			D-Mark		
	Spot	1 month	3 months	Spot	1 month	3 months	Spot	1 month	3 months
US	1.5922	1.59	1.59	1.0000	1.00	1.00	1.0546	1.0546	1.0546
Canada	2.22	2.18	2.17	49.37	49.37	49.37	0.9222	0.9222	0.9222
Germany	2.2288	2.21	2.19	1.2022	1.20	1.19	1.0546	1.0546	1.0546
France	1.7408	1.68	1.65	1.2022	1.20	1.19	1.0546	1.0546	1.0546
Italy	2.2627	2.15	2.05	1.2022	1.20	1.19	1.0546	1.0546	1.0546
Japan	1.6554	1.65	1.65	1.2222	1.22	1.22	1.0546	1.0546	1.0546
ECU	1.2209	1.13	1.04	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Belgium	1.4542	1.38	1.34	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Denmark	1.8703	1.52	1.42	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Netherlands	2.2524	1.67	1.55	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Ireland	0.9723	1.11	1.11	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Norway	9.8259	1.32	1.26	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Spain	5.0013	4.88	4.72	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Sweden	1.0455	1.04	1.04	1.2484	1.24	1.24	1.0546	1.0546	1.0546
UK	1.0455	1.04	1.04	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Switzerland	1.0455	1.04	1.04	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Portugal	1.9834	1.98	1.98	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Hong Kong	1.0455	1.04	1.04	1.2484	1.24	1.24	1.0546	1.0546	1.0546
New Zealand	2.2442	4.71	4.63	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Saudi Arabia	5.7260	5.00	4.80	1.2484	1.24	1.24	1.0546	1.0546	1.0546
Singapore	2.4433	0.40	0.40	1.2484	1.24	1.24	1.0546	1.0546	1.0546

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	0.9899	1.0000	Nigeria	1.3107	860000
Austria	1.0426	1.0426	Oman	0.5869	0.3850
Brazil	1.4897	1.4897	Palestine	2.4817	34465
China	1.2212	1.2212	Philippines	4.0029	22500
Egypt	5.2424	5.2424	Portugal	1.2362	1.0000
Finland	1.0733	1.0733	Qatar	1.2362	1.0000
France	1.2212	1.2212	Spain	1.2362	1.0000
Germany	1.2212	1.2212	Sri Lanka	1.2362	1.0000
India	5.1842	5.1842	Sweden	1.2362	1.0000
Ireland	0.9453	0.9453	Switzerland	1.2362	1.0000
Italy	1.2212	1.2212	UK	1.2362	1.0000
Japan	1.2212	1.2212	USA	1.2362	1.0000
Korea	1.2212	1.2212	Yugoslavia	1.2362	1.0000
Mexico	1.2212	1.2212	Zimbabwe	1.2362	1.0000
Peru	1.2212	1.2212	</td		

A SPECIAL REPORT
COURIER AND EXPRESS SERVICES

Clients hand over more than packages



Getting it there: the same service in any language

Richard Gabriel, the former motorcycle courier who sold his Interlink franchise company for £50 million, has rejoined the courier fold. He has made a substantial investment in Mercury SpeedLink, a fledgling overnight express parcels service based in North Yorkshire.

While this may be of only passing interest to the rest of the industry, it underlines two emerging trends: the increasing success of franchising and the growth of the next-day market, both at home and abroad.

Next-day delivery rose by 15 per cent in a market whose overall growth was around 7 per cent. Three days is now seen as too long to wait for many goods - a fact reflected in the decline of the three-day market by a significant 10 per cent.

The big growth is in computer-type industries, processing and manufacturing," says Peter Wigglesworth, general manager UK marketing for Parcelforce, the Post Office division which retains the lion's

share of the British market, and which continues to carry for more than 90 per cent of the UK's biggest companies. "It's also the fact that companies are holding fewer stocks."

Mercury SpeedLink was set up to capture a share of this next-day market by David Jacobs, a former freight forwarder who was part of the team which put together Group Four's Nightspeed service. "To give a level of service, it has to be in the hands of the people that are controlling it," Mr Jacobs says. "If the directors don't have the wherewithal to want to give that service, the company never will. They look at the bottom line and the volume and not at the service. We have the owner-operator mentality."

Mercury now has more than 30 franchises and claims, through its "quality first" philosophy and investment in bespoke information tech-

nology, to have rekindled Richard Gabriel's enthusiasm for the parcels business. "His first comment when he sat down was, 'I've seen enough parcels to last me a lifetime', Mr Jacobs says, "but we felt the fire."

Reliability from couriers is paramount when companies find it cheaper to have spare parts and stock express-delivered than to hold it in their own warehouses. But this brings its own problems. This way of operating, and the courier industry's willingness to serve it, is attracting ever-louder criticism on environmental grounds. No longer can the expansion of the courier industry be viewed in isolation from this by-product.

Paul Jackson, chief executive of industry consultants Triangle Management Services, says integrators are facing a greater likelihood of being hit by night-flight restrictions. The German

Green party, which has orchestrated a campaign to limit night-flights at Cologne airport - forcing TNT to shift to Liege in Belgium - has kick-started a campaign unlikely to stop at Cologne.

Road couriers are also coming under pressure to address the effect of their mileage. Parcelforce has appointed its first full-time environment officer and major couriers are looking at fuel consumption, cleaner fuels and alternatives to diesel.

A part-solution is shared loads and "middle order" and "added value" tailoring. Lynx, the parcels subsidiary of NFC, which turns over £80 million a year, will take over warehousing, stock-holding or dedicate staff to oversee particular parts of the customer's business.

Abru Aluminium, which manufactures ladders in Cornwall, uses Lynx not only to deliver its goods, but to carry

them to a warehouse in Bristol and to manage the warehouse on Abru's behalf. A small fleet of dedicated vehicles, working on shared use, collects components and delivers parts for truck manufacturers ERF.

Andy Holder, Lynx's spokesman, says businesses are looking for ways to hive off their non-core activities, including the mail room, and Lynx has benefited from its willingness to move everything from an envelope to a pallet.

The trend nowadays is towards giving the customer exactly what they want for their own particular operation. Off-the-shelf solutions still appeal to some companies, but a great deal more flexibility is required now to be successful.

Some 4,000 companies are now jostling in the UK to gain this competitive edge. It is not, as Peter Wigglesworth says, an industry which can rely on customer loyalty - most busi-

nesses have three or four carriers - and Parcelforce's dominant share of the market is a mere six per cent.

Greater segmentation is leaving some areas of the market in the hands of specialists. White Arrow has moved in on the home delivery market, along with other home-delivery services such as Littlewoods Home Express and Freemans Speedlink. Parcelforce's place at the head of the league is under attack from TNT, Securicor and Omega Express.

Couriers in this country have been slow to leap on to the train to Europe. According to Tim Weeks, UK automotive manager for UPS, which had six intermodal containers delivered last year, the infrastructure is lacking this side of the Channel. "The longer the trip, the more effective the method of travel by train becomes. There's no doubt that there's a case for using trains in this country once the infrastructure is there, but the goods have to get to the stations."

Technology and discipline get the goods out

LYNNE CURRY

Jackie Billington's businesslike manner has come in useful for her new role as central services manager for couriers Mercury SpeedLink. If she gets a complaint from a customer, she levies a £10 penalty on the depot in charge of the consignment.

After the shock of being told to pay a fine, her first victim sat down to work out his reaction. "As I said to him," Mrs Billington said, from her desk at the company hub in Rugby, "it wasn't his fault: he should have passed the charge back to the driver, and if he'd done that, it wouldn't have happened again." The concept of devolved responsibility is a strong tenet at Mercury SpeedLink, a year-old, franchised overnight delivery company which is being substantially backed by Richard Gabriel, founder of Interlink Express, who sold Interlink in 1994 for £50 million.

The managing director, David Jacobs, says he accepts that inevitably, some packages will miss their schedule, but if the company bears of problems and contacts the customer, this usually not only saves the situation but impresses the customer. "We want to be proactive and phone our customers if we get deliveries wrong, or can foresee delays. We want depots to train their drivers to radio in about breakdowns or delays. No other couriers would dare to do, but we believe most couriers work on the same basis of trying to get away with it; that if they don't tell the customer, the customer

won't find out. This ends up costing us more."

Hands-on couriers such as Mercury SpeedLink can mitigate glitches in this way. It uses hand-held lasers which match the depot code with the codes on the cages. Mistakes by human eye at this stage are a common cause of misrouting.

Larger operators are turning more to technology to minimise their frequency and, where human error creeps in, to enable the customer to see exactly where the parcel is. As one of the 10 sponsors of the 1996 Olympic Games in Atlanta, Georgia, UPS is also the official supplier of package and distribution services. Having successfully delivered invitations to 197 countries to take part in July, and managed not to cause a diplomatic incident by missing anyone out, it now has the more complicated job of handing 11 million highly-durable tickets.

You can imagine the results if they fell into the wrong hands," Annie Gardhwala, the company's European public relations director, says.

To ensure that each consignment of tickets is tracked, UPS has installed a closed-loop package system that gives the Atlanta Committee for the Olympic Games direct access into UPS's delivery information, which is carried on a "maxi code", a sophisticated bar code. The code is monitored at every stage - right up to delivery, at which the package is signed for on an electronic clipboard immediately transmitted electronically. The sender is also faxed this proof of delivery.

Next day to US is a winner

LYNNE CURRY

Full-page broadsheet advertisements trumpeting one delivery service do not come cheap. But UPS thought it was worth it for Express Plus, offering delivery to 100 cities across America by 8am - the next day.

Colin Beesley, UPS's UK marketing director, says the removal of borders in Europe has speeded up deliveries to the continent, and customers now expect a faster service to the US.

"We have been surprised who uses it," Mr Beesley says. "We knew financial services wanted a service like that, but we have also taken promotional items for photographic shoots and other stuff that hasn't been where it should have been."

Paul Jackson, of industry consultants Triangle Management Services, says that fast delivery to the US is now well established, but this has not stopped couriers moving in to claim a share. Last year Marks Worldwide Express, a small company based in Isleworth, Middlesex, doubled its turnover to more than £6 million partly on the back of what it claims to be the fastest service to the United States. It offers scheduled same-day services, taking advantage of the time lapsed over the Atlantic to deliver the package eight hours after it is picked up in Britain.

Since it was established in 1980 by its two current directors, Ken Powell and Mark Adams, Marks has enjoyed an average annual growth rate of 20 per cent, but this year's exceptional 100 per cent, at a time of keen competition in the courier market, is put down to its philosophy of finding niche markets and developing them.

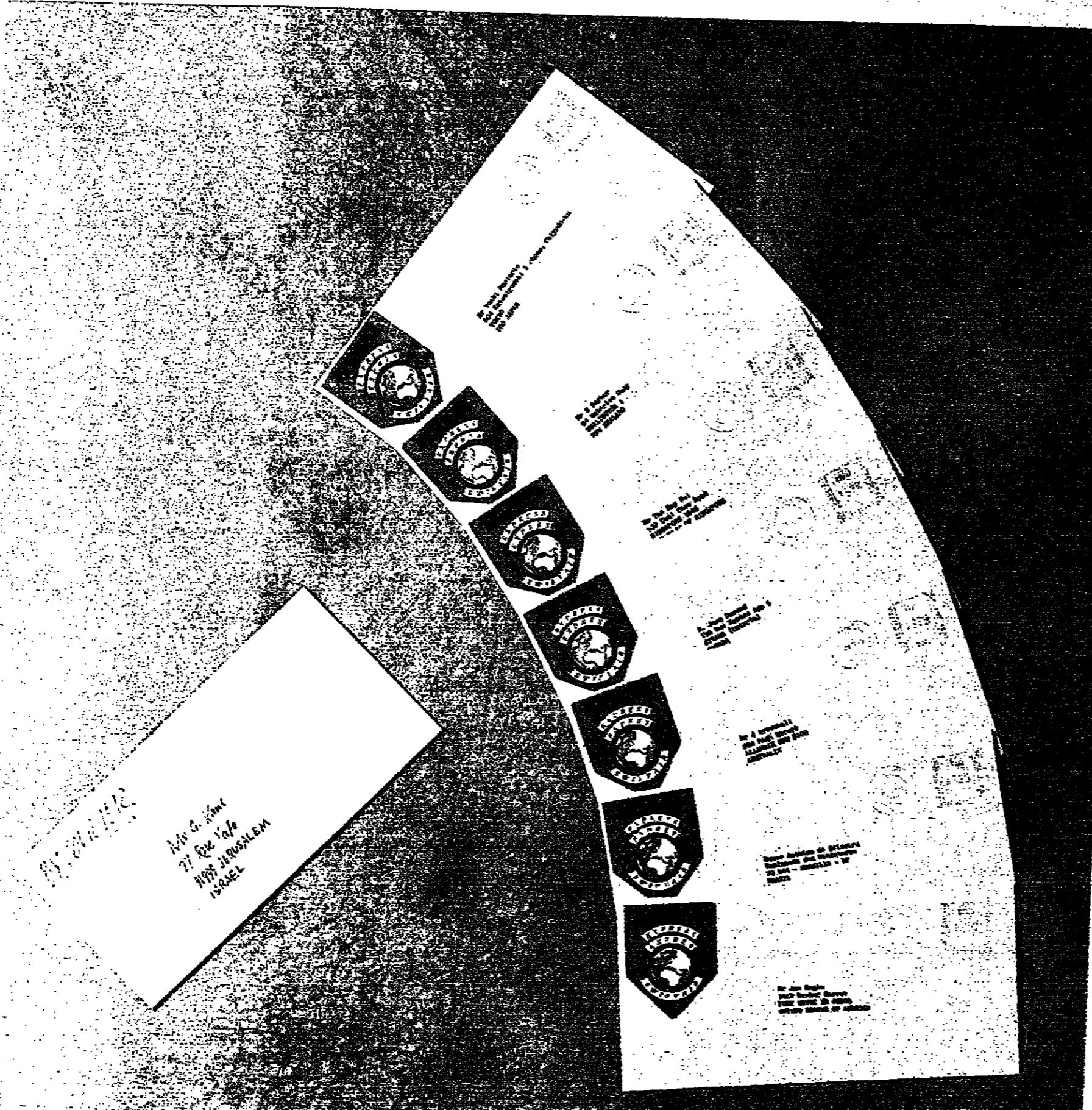
It offers scheduled same-day services to more than 70 cities in the US and Europe, and is used to carrying consignments connected with the music, film, TV and newspaper industries.

Parcelforce, the parcels division of the Post Office, also has plans to move into fast services to North America, while Federal Express already offers a next-day service.

A sign of growth in this industry is UPS's decision to cut the premium for "by 8am" delivery to £35 irrespective of the weight of the consignment. This makes the cost of an urgent document around £50.

But according to David Jacobs, managing director of Mercury SpeedLink, a franchised overnight express parcels service based in Ilkley, North Yorkshire, the benefits of bargain rates have tended to stay within the M25.

"The rating bands within the M25 are ridiculous because there are thousands of courier companies, all offering cheap overnight services to New York. When you start moving out into the provinces these rates more than double. We can offer London rates to somebody in Newcastle or Leeds."



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A SPECIAL REPORT

COURIER AND EXPRESS SERVICES

When small is beautiful

LEE RODWELL

Size isn't everything when it comes to running a successful courier service.

"Because we're smaller than the big boys we can be more flexible," says Peter Jordan, sales manager of Marken Worldwide Express. "We offer, for example, a same-day service to Europe and the United States. If you call in the morning, we can pick up a package by 11am and get it delivered in Paris before 5.30pm. For the States, we would pick up around 8am - but we'd get it there that afternoon."

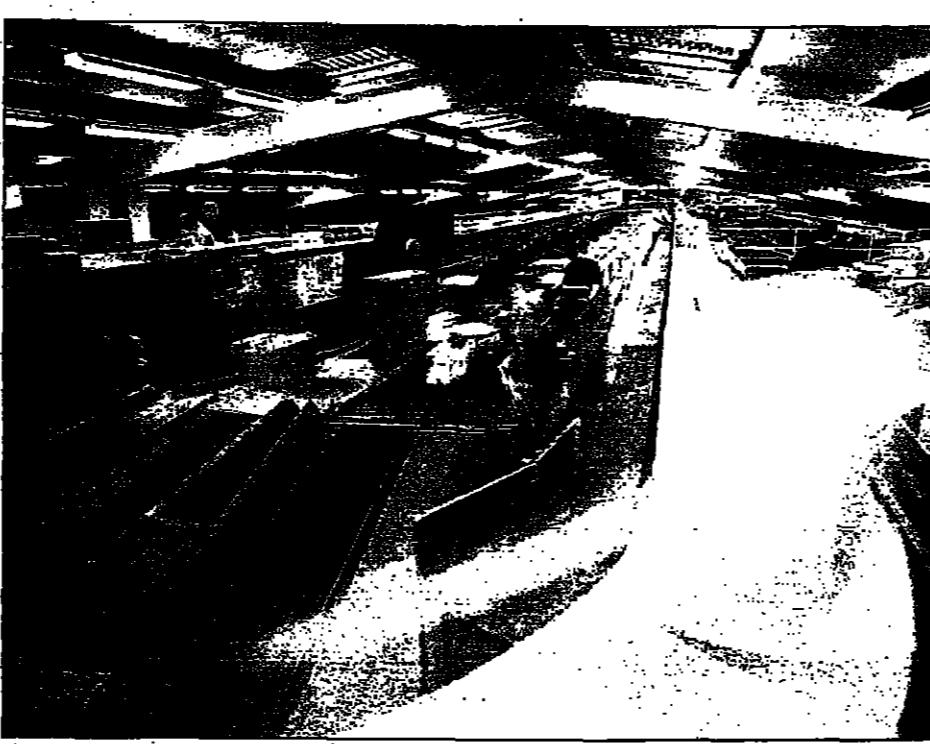
"Yes, it's expensive - but it's a lot less expensive than sending it via an on-board courier or taking it yourself. And often that's the only alternative."

The continued success of the smaller courier companies in the face of increasing competition is generally down to niche marketing. Marken, which was one of the first small independent couriers when it was set up in 1981, has grown in the past 15 years. Turnover last year was up to £6.4 million, but the company remains committed to providing a flexible and personal service from its base in Isleworth.

Customers who find its services invaluable include those working in the news and entertainment industries where deadlines are all important when master tapes, television footage or negatives are concerned.

Marken operate worldwide, but other independents concentrate on the UK market. Peter Wiglesworth, general manager UK of Parcelforce, admits that customers can afford to pick and choose. "We have something like 4,000 competitors in the UK if you include the companies that are little more than someone with a van. The smaller companies tend to focus on a particular service that meets a particular need, or they restrict operations to a small local area which means they can keep their costs down accordingly."

"The competition is good for



Fast track: courier companies need to be constantly efficient to keep customers

the buyer but it can be tough for the supplier. We are the biggest, but we still only have 25 per cent of the market share and it is hard to see how some of the smaller companies will survive. Franchising - as Amtrak does - may be one answer."

If the smaller operators pride themselves on the good relationship they have with their customers, so, too, do the giants. In 1994 TNT linked up with Analog Devices, an international manufacturer of electronic components.

Previously the company had relied on different carriers to supply products to different locations, with resulting variations in levels of service and delivery times. They were often unable to track consignments and had little flexibility or control over the supply chain.

By forming an exclusive partnership with TNT Express Worldwide they were able to improve the service to their customers.

Another example of customer and courier getting closer together can be found in Dublin, the European base of Gateway 2000, an American company who have been direct-selling computer hardware across Europe for the past two and half years.

UPS not only ship 3,000 packages for them a day, but have set up an on-line customer help desk in their office, complete with a dedicated member of UPS staff, to answer customer queries on the delivery status of a package.

Paula Weir, Gateway 2000's customer service manager says: "UPS always handled our deliveries but we wanted to set up a system where all communications from our customers were dealt with through Gateway. That way we don't have people falling between two stools."

Now if a customer wants information about a delivery we can give it to them by accessing

the UPS tracking system. UPS also have access to our system and can update us regularly. So we can call a customer to let them know their order has been shipped or to warn them if there is likely to be a delay because of bad weather.

An additional bonus is that, although we have security controls when accepting credit cards, there are occasional instances involving fraud. UPS have been able to alert us when an address does not seem kosher - and so far they've made the right call every time."

Before January 1996 it was difficult for courier and express services to guarantee next-day morning deliveries. Although it was possible to get packages from one place to another quickly by air, many countries within the European Community had detailed customs formalities which meant that it could take up to three hours to process in-bound clearances on arrival.

In France or Italy, for instance, although an aircraft arrived at 6am, the goods might not be released from Customs until later that morning. As a result deliveries could not normally be made until the afternoon. However, changes in customs procedures have now given express delivery companies the ability to offer guaranteed morning deliveries by 9am in major cities. As a result business is booming and the costs have started to come down. As Gareth Thomas, UPS Europe, International Express Manager points out: "Transport by air is considerably faster than by road, but one of the main barriers to the customer has been cost. With the growth of the movement of goods by air economies of scale are being created which are now being fed through to the customer. Even so, road-based services also continue to grow. Ricky

EU single market cuts out most bottlenecks, aids next-day mail

LEE RODWELL

The introduction of the single market and the dismantling of trade barriers in Europe have brought new challenges for the express distribution industry.

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Fiander, UK operations director at DHL points out that when speed is not an overriding factor, moving consignments by road makes sense.

"It's cheaper and it's easier to make contingency plans. If an airport is fog-bound there's not much you can do."

Martin Lomas, European market sector manager at Parcelforce, agrees that road transport can give more flexibility. "With air, every second counts. With road you have more time. But we have a very good record with our night flights from our UK operational hub at Coventry. One of the reasons we are there is because the airport has the best tug record in the whole country."

In fact, the main players in the industry are investing in both road and air networks as their operations expand. TNT, for example, is investing 40 million on a new European air hub at Liege in Belgium to take over from Cologne, where a 2 million investment has already enabled them to double the "sortation" capacity. 15,000 pieces can now be handled an hour compared to previous 7,200.

Liege has been chosen because the airport is not congested, the area around it is sparsely populated, road access is good and the site has expansion capabilities.

TNT is also using the Channel tunnel route into Europe and has recently opened a new depot in the Gatwick area to cater for the increasing demands of the

South East. Anthony Lock, general manager, Marketing TNT Express Worldwide, says: "The Channel tunnel has given us added capacity for overnight deliveries to Northern Europe providing greater flexibility and more definite services."

Since the end of 1993 TNT has also built new depots in Europe to meet customer demands. These include three in the UK at Croydon, Stansted and London City airport. DHL is another company expanding its sites to enable it to get closer to its customers. In 1992 they had 22 local stations in the UK, now they have 43. Consignments are taken by courier to the local station where they are sorted into destinations and then sent on to the nearest hub.

DHL's Ricky Fiander says that "hold-ups within Europe can still occur if the customer has used insufficient packaging or given an incomplete address. "Even so, we've got access to more delivery addresses than any other carrier."

Gareth Thomas of UPS confirms that problems with customs clearance tend only to occur in less developed countries. However, when it comes to Europe he believes that there is one remaining bottleneck slowing down the use of air transport and that is linked to the issue of ground handling.

Express operators already perform self handling at selected European airports such as Brussels, Barcelona, London Heathrow, Amsterdam and Copenhagen. Elsewhere, handling is carried out by airport staff and not necessarily the carrier.

Air express and air cargo are often ideally situated in smaller airports where freight aircraft do not have to compete with passenger aircraft for slots and where road transport connections are least congested. We think the carrier should be given the opportunity to handle their own goods at all airports. It would speed things up and help us provide a fast and seamless service," he says.

"In many airports ground handling is a monopoly and monopolies don't lead to the best service or the best price."

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Pollution levels in some areas of Britain exceed the World Health Organisation limits
Photograph: Steve Morgan

Parcelforce won the Motor Transport magazine environmental award for its tractor unit fuel consumption of 9.5 miles per gallon, achieved by aerodynamics, good maintenance and driver training.

It has fitted speed limiters of 55mph on tractor units in advance of restrictions of 60mph - contributing to a fuel saving of £300,000 within two years.

A new bar code labelling system has reduced the amount of paper in documentation by 30 per cent, and its targets cover improving miles per gallon, reducing CO2 emissions and fuel consumption of both vehicles and buildings.

"We are well known in the industry for our efforts to lessen the impact we have on the environment," Ms Barnard says.

Heavily-polluting diesel may not always remain the dominant fuel, especially in towns and cities. Alternatives are proving promising, but expensive, not least because of duty imposed steps to minimise it."

The first compressed natural gas (CNG) vehicle in Europe, a van owned by UPS, is currently running between Isleworth and Westminster.

Vehicles which run on CNG emit 90 per cent less carbon monoxide and significantly less nitrogen oxide than conventional diesel engines.

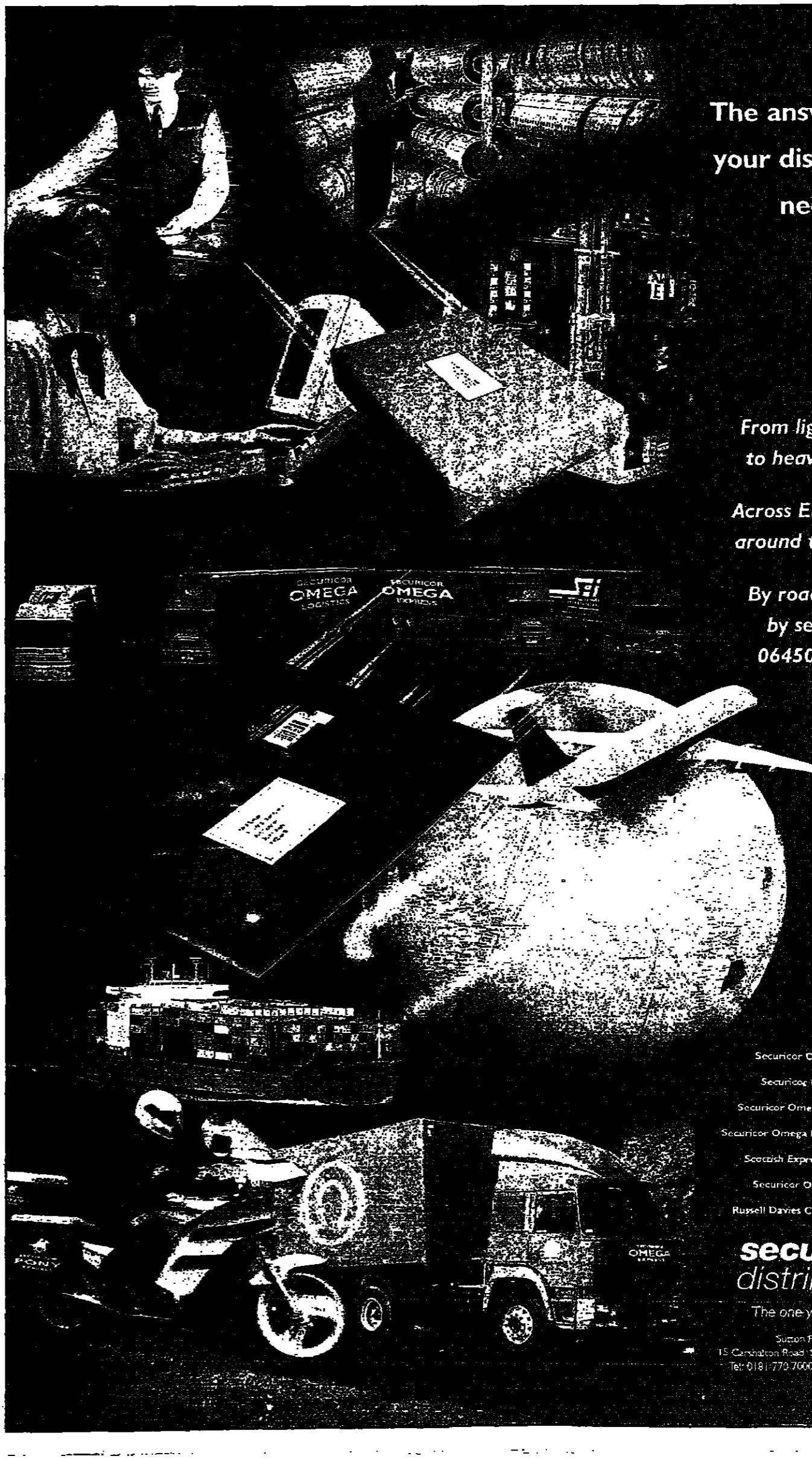
Parcelforce, Britain's biggest carrier, still owned by the Post Office, has appointed its first full-time environment manager. Andrew Barnard is responsible for attacking four areas: energy consumption, pollution, waste and the consumption of natural resources. "Last year,

the reason there are not more of these around is that the running cost and the whole-life cost of the van are more expensive, and we wanted to be able to quantify that. The Chancellor did start to move in the last Budget on natural gas and reduced the duty by 15 per cent, but it still doesn't make it more cost-effective."

UPS has been testing tractor units powered by liquefied natural gas in Houston, Texas, and has discovered a 66 per cent reduction in nitrogen oxides and an 80 per cent reduction in particulates. In the US, it has 280 CNG vehicles on the road, with plans to triple that number before next year.

Mr Weeks says public rumblings about the number of delivery vehicles on the roads and the damage they may be doing are acknowledged by the industry. "We are tremendously aware of the pollution problem and have taken considerable steps to minimise it."

A new emission regulation, the Euro 2, comes into effect in August this year, imposing new controls on commercial fleets. TNT says it has fitted engines which comply with this regulation on its vehicles since 1994, at a cost of half a million pounds. In 1998, Euro 3, imposing tighter controls on emissions, will come into effect. Manufacturers will then be unable to sell vehicles without compliant engines, which will add some £1,800 to the price of each one and therefore will add to the cost of courier services.



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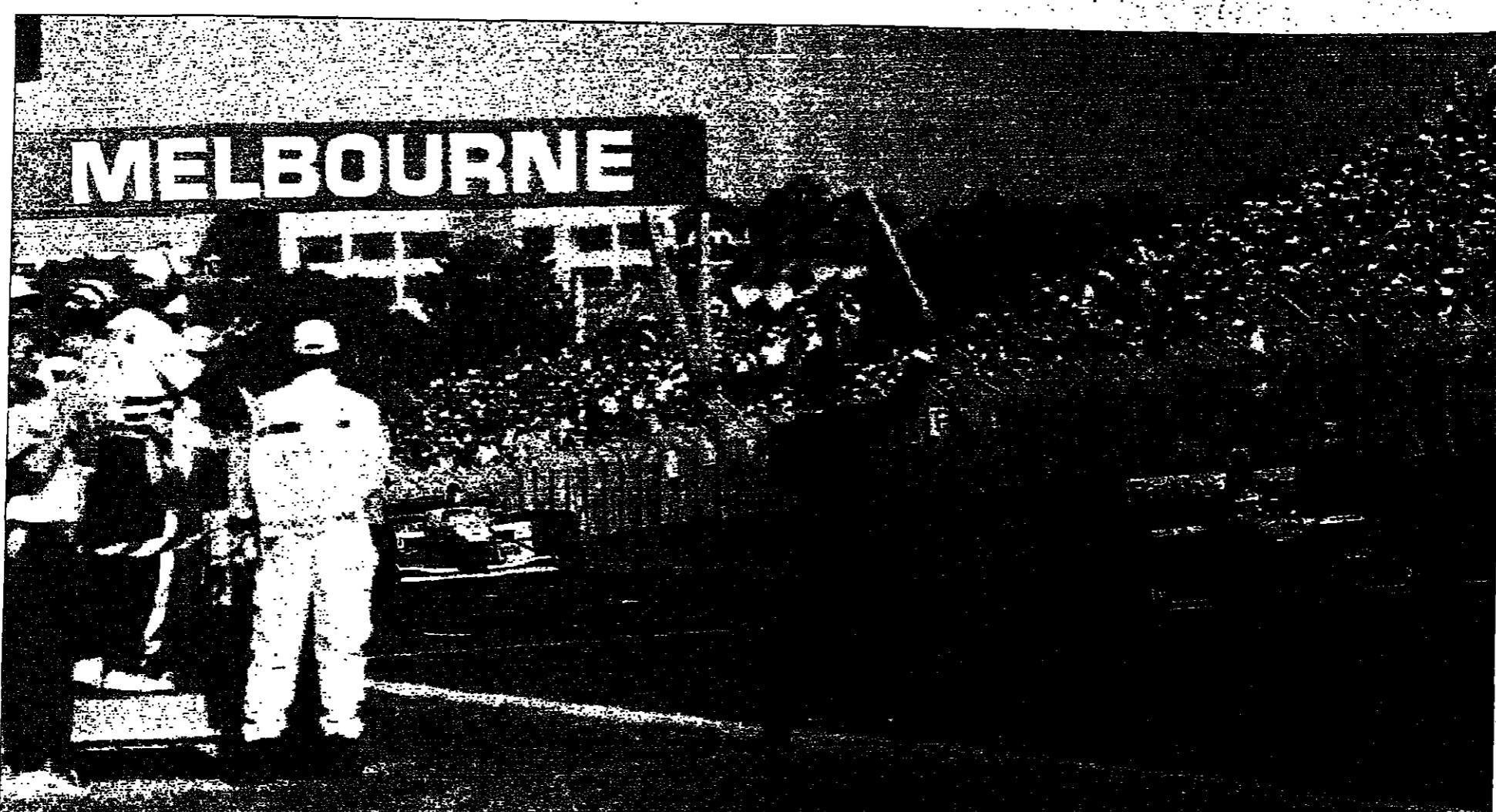
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F1 DREAM TEAM
RACING



The latest scores and results

The waiting is over: after the hype and hoopla of the close season, the fantasies of Dream Team managers became reality in Melbourne. Damon Hill wore the victor's laurels, but his team-mate Jacques Villeneuve came up trumps with the Dream Team points. A one-two for the Williams drivers means plenty of

points to share out among Dream Team managers who selected one or more of Hill, Villeneuve, Williams and Renault for their package. Hill top-scored in the morning warm-up session to take his total points score to 27, but that is no more than is to be expected from a £23m man.

The other expensive superstars, Michael Schumacher and Jean Alesi, proved poor value for money in Melbourne. Among the bargain basement drivers, Mika Salo and Pedro Diniz stand out with 15 and 10 points respectively. The Finnish Tyrrell driver looks a good bet for more high-scoring finishes this season. Diniz's place at Ligier owes more to the size of his wallet than the magnitude of his talent, but the wealthy Brazilian knows how to stay out of trouble and is sure to register plenty of finishes.

Williams predictably dominate in the chassis department, where

Tyrrell's neat, reliable little car represents good value. But for Jordan fans it was in their driver Martin Brundle's words, "the weekend from hell". Brundle somersaulted spectacularly out of the race on the first lap, and lasted only a minute in the restarted race. Brundle's team-mate Rubens Barrichello also retired, meaning a painful -5 for all Dream

Team managers who selected Jordan chassis. Jordan's engine supplier, Peugeot, was also the only major manufacturer not to score well in Melbourne.

Now the circus moves on to Interlagos for the Brazilian Grand Prix on 31 March. Will it be an early-season double for Damon, a Ferrari first for Schumacher, or a

home-town maiden victory for Rubens Barrichello? Dream on...

Look out for your chance to register the week before the Brazilian Grand Prix (March 31) in *The Independent* and the *Independent on Sunday*. You could win a trip to the San Marino Grand Prix.

Rules are as previously published.

DRIVER OF THE DAY: JACQUES VILLENEUVE

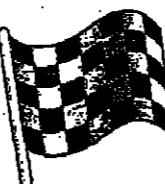


The Canadian rookie, son of the great Gilles, dominated his first Grand Prix, taking pole position, setting the fastest lap of the race and leading until the final few laps, when a persistent oil leak threatened to silence his Renault engine and he was forced to back off. But he was

delighted with second place, and far-sighted Dream Team managers who realised that the reigning Indycar champion was spectacularly value at £1.8m can feel justifiably smug: a Jacques in the box is worth 31 points, the top drivers score in the Australian Grand Prix.

Top 50 Dream Teams

Out of our top 50 teams, 23 teams	1 Burton Racing	1 Wood Racing	24 Jacks The Lad
came joint 1st, each scoring 71 points.	1 Duffden Rug 3	1 Virtual Reality Racing Team	24 D M O Racing
The other 27 teams came joint 24th, each scoring 69 points.	1 Totham Turbos	1 Hill Marker Racing	24 Jones Phantom Racing Team 2
More scores are being entered for this race, check the Results Phoneline for the latest information. The winner will be informed later in the week.	1 Hill Marker Racing	1 Endorphin Machine F1	24 Demon Dave
	1 Piston Broke	1 Soloman GP	24 S E B Racing
	1 Grid Lockers	1 Eurosport	24 Rag Racing
	1 MWD	9 BBCS	24 G T Racing 2
	1 Eurosport	1 Sammarc A	24 Glowing Carbon
	9 BBCS	1 Suffolk and Fast	24 The Hinde Car All Stars
	1 Sammarc A	1 Mad Fleet	24 The Famous Five
	1 Suffolk and Fast	1 Speedy Squirrel Racing	24 Russell Racing
	1 Mad Fleet	1 The Really Good Team	24 Fifti Corsa
	1 Speedy Squirrel Racing	1 Red Roosters	24 Enthusiastic Enthusiasts
	1 The Really Good Team	1 Spanner Ballet	24 Kingsland GP
	1 Red Roosters	1 Dampo 1	
	1 Spanner Ballet	1 Calisto	
	1 Dampo 1	1 Cor Look At That	
	1 Calisto		
	1 Cor Look At That		



WIN a drive in a Grand Prix car

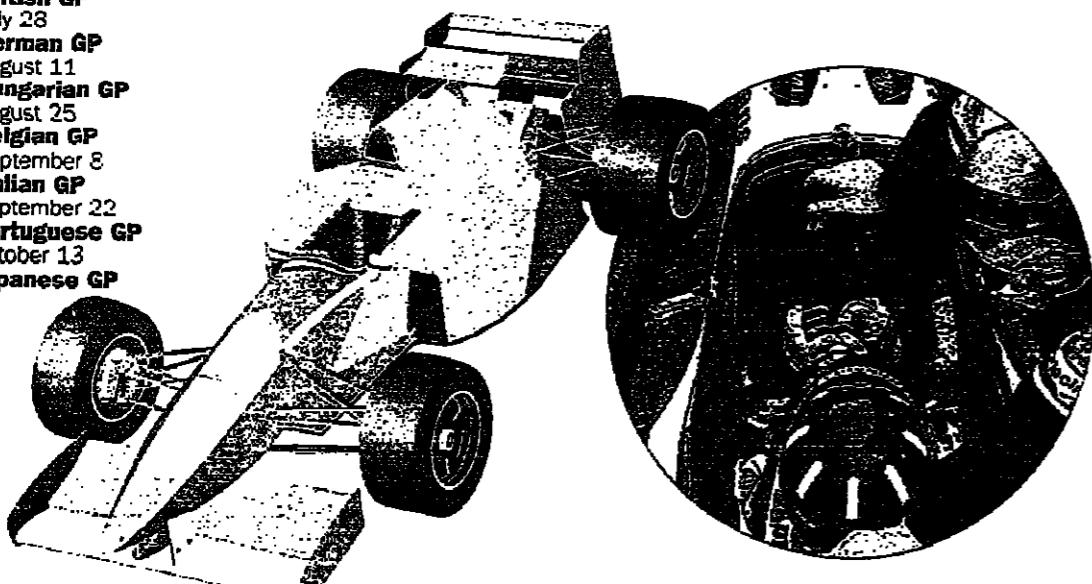
The Dream Team manager with the highest number of points at the end of the Grand Prix Championship season will win our top prize - a drive in a 650bhp F1 car.

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GRAND PRIX '96 RACE SCHEDULE

March 31 Brazilian GP
April 7 Argentinian GP
April 28 European GP
May 5 San Marino GP
May 19 Monaco GP
June 2 Spanish GP
June 16 Canadian GP
June 30 French GP
July 14 British GP
July 28 German GP
August 11 Hungarian GP
August 25 Belgian GP
September 8 Italian GP
September 22 Portuguese GP
October 13 Japanese GP



DREAM TEAM registration: 0891 891 805

TEAM POSITION CHECK LINE: 0891 891 806
RESULTS & TOP 50 TEAMS: 0891 891 807
HELPLINE: 0171 602 9222

Grand Prix Shopping List

AUSTRALIAN GRAND PRIX: DRIVERS POINTS SCORED

£26m	1 M Schumacher	3
£23m	2 J Alesi	1
£23m	3 D Hill	27
£20m	4 G Berger	25
£18m	5 D Coulthard	2
£18m	6 E Irvine	15
£18m	7 J Villeneuve	31
£13m	8 M Hakkinen	12
£10m	9 H H Frentzen	3
£10m	10 M Brundle	5
£10m	11 R Barrichello	1
£6m	12 J Herbert	0
£6m	13 M Salo	15
£4m	14 P Lamby	0
£4m	15 P Diniz	10
£4m	16 U Katayama	4
£4m	17 J Verstappen	3
£4m	18 O Panis	4
£3m	19 L Badoer	2
£3m	20 R Rosset	9
£3m	21 A Montemini	2
£2m	22 G Fisichella	0
£2m	23 V Sospiri	0
£2m	24 T Marques	0
£2m	25 F Ligier	0
£2m	26 H Noda	0
£2m	27 T Inoue	0
£1m	28 M Brundle	0
£1m	29 J-C Boullion	0
£1m	30 K Brack	0
£1m	31 K Burt	0
£1m	32 E Collard	0
£1m	33 N Fontana	0
£1m	34 D Franchitti	0
£1m	35 N Larini	0
£1m	36 J Magnussen	0
£1m	37 A Prost	0
£1m	38 G Tarquini	0
£1m	39 K Wendlinger	0

AUSTRALIAN GRAND PRIX: CHASSIS POINTS SCORED

£20m	40 Benetton	10
£18m	41 Williams	20
£18m	42 Jordan	16
£15m	43 McLaren	11
£14m	44 Sauber	0
£14m	45 Jordan	5
£10m	46 Ligier	11
£6m	47 Tyrrell	12
£5m	48 Arrows	3
£3m	49 Minardi	1
£1m	50 Ford	0

AUSTRALIAN GRAND PRIX: ENGINE POINTS SCORED

£26m	51 Renault	20
£18m	52 Ferrari	16
£15m	53 Mercedes	14
£12m	54 Peugeot	0
£10m	55 Mugen	12
£8m	56 Ford V10	11
£6m	57 Yamaha	13
£4m	58 Hart	0
£3m	59 Ford Zetec V8	0
£2m	60 Ford ED V8	0

sport

CHELTENHAM FESTIVAL: After all the anticipation, a champion defends his crown in a fascinating centrepiece on the first day

Speed the key for Alderbrook

RICHARD EDMONDSON
Racing Correspondent

From when the fireworks are going off until turkey is on the table and then pancakes are being scraped from the kitchen ceiling, they talk about the Cheltenham Festival. And the great thing is that no-one (pick-pocket victims on-course apart) ever ends up disappointed.

Unlike so many sporting extravaganzas which seem to burn up all their energy in the hype and pre-publicity, Cheltenham has lasting and undeniable quality. It is unrivaled as an occasion unmatched as a magnet to top-class jumping horses. And now it's here.

If you do not feel a tingle as the initial noisy surge greets the tape going up on the first race this afternoon, there is no point ever witnessing an athletic contest of any kind again.

It is always the honour of the Champion Hurdle to provide the first-day focus at Prestbury Park, and this year's running brings with it the usual skip-load of intrigue. What is different, though, is that many who think they know the game have yet to strike their most serious wagers.

The reason is the weather. Yesterday was mild and clear in Gloucestershire, but it is not a pattern that is expected to last.

RICHARD EDMONDSON
NAP: Unguided Missile
(Cheltenham 4/5)
NB: Kimanicky
(Cheltenham 2/5)

In truth, this is not the strongest Champion field ever assembled. Alderbrook, who defends his crown and Danoli were in the first four last year, but the other two in the frame, Large Action and Fortune And Fame, have been removed by injury.

Alderbrook and Danoli have fairly weighty medical books themselves, the former having had surgery to remove bone chips from his knees and the latter recovering from a leg injury.

Danoli is reported to be in the form of his life and has been backed unusually (well for him anyway) by his trainer, Tom Foley. The Bagenalstown man believes his horse has improved since his most recent victory (he will need to) and sends him into battle on the back of a better preparation than last year.

The persistent thought, however, is that Danoli does not have the speed (which is always useful in a horse race) to match Alderbrook up the final hill. The best he can hope for is a place, where he may be accompanied by the best outsider in the field, Mack The Knife.

which threatened not only his racing career but his life itself.

Alderbrook has been causing sleeplessness at Upper Lantbourn's Old Manor stable in the late build-up. Normally it takes the fire brigade to get Kim Bailey, his trainer, out of bed, but he has been rising without any stimulus these last few mornings.

The horse is worth worrying about. He is a glorious performer both over jumps and on the Flat, but for those who like to treat sport as a statistical puzzle, the seven-year-old holds little appeal. Short-priced favourites at the Festival rarely get hats going into the air. They usually send bits of betting slip in the other direction. In addition, no returning Champion Hurdler has finished better than sixth in the last five years.

Hotel Minella is trained by the wunderkind of Irish racing, Aidan O'Brien, who could take a race with the Steeple's horse in his homeland but has yet to have a winner in Britain. Hotel Minella has undoubtedly ability but is said to need everything his own way. That is not the ideal recipe for the Cheltenham pot. He would chew the Irish in victory, but not more so than Danoli.

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Danoli, third last year, ready for Champion Hurdle battle

Photograph: Caroline Morris

CHAMPION HURDLE - 10-YEAR-TALE

1986 87 88 89 90 91 92 93 94 95

Rate of the favourites 1 1 3 7 4 1 6 8 2 2/3

Winner's place in betting 1 1 0 2 1 3 2 0 0 0

Starting-prices 56 13.50 7.1 50.3 95.50 4.1 6.5 13.2 9.1 11.2

Ages: 6 7 6 7 6 7 9 7 8

Profit or loss to £1 stake: Favourites -1.07, Second Favourites +10.87

Percentage of winners placed 1st, 2nd or 3rd in last race: 100%

Shortest-priced winner: See You Then 5-6 (1985)

Top trainers: N Henderson - See You Then (1986 & 1987 - also winner in 1985)
G Bading - Beach Road (1989) & Morey Street (1991)

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Fight fever fails to grip Americans

Boxing

KEN JONES
reports from Las Vegas

far down the list of American sporting priorities that it did not rate even one paragraph in the publications I scanned before leaving New York.

This has less to do with the notion that British heavyweights are naturally inclined to the horizontal position than things taking place in their time, and the conclusion, admirable to my mind, that prizefighters are fired by personal ambition, not patriotism.

You may sense the voice of a cynic, but it is a fact that Tyson would raise a great deal of embarrassment over here if he, like Bruno, he prattled on about representing his country. The singing of the US anthem at sports events is no guide to national sensibilities. The tradition

goes back only until shortly after the outbreak of war in 1941, when, in deciding that sport was important to morale, President Roosevelt ordered a reminder of more important issues.

There has been plenty of evidence down the years to show that British sports fans generally see things in a different light. Those who turned up to support Bruno seven years ago when he challenged unsuccessfully for the championship Tyson then held caused considerable amusement. "Who are these people? I recall an American friend asking when they stormed the weigh-in, chanting Bruno's name. 'Do they always behave so childishly?'

Doubtless Las Vegas is in for a repeat performance, but what

else can you expect when Sun readers are being encouraged to fire off encouraging faxes to the WBC champion?

It reminds me of a story told about the build-up to a contest between an outstanding British boxer, Dave Charlley, and Joe Brown of the US for the latter's undisputed lightweight championship. Sluggish ticket sales prompted the promoter, an imaginative type, to come up with a suggestion he put to the British boxing writers in attendance. "What about getting the Queen to send Dave a good luck message?" he asked.

While boxing fans are known to have divergent notions of pleasure, what they expect in the main from heavyweights is violence. When big men get into

the ring, technical considerations matter less than the ability to induce a state of mind known commonly as unconsciousness. It is why the first fight of Mike Tyson's comeback sold out at the MGM Grand in Las Vegas and why the arena will be full again on Saturday.

Even as champion, Bruno is perceived in the role of supporting actor. What will eventually capture the attention of Americans is Tyson's hugely rewarded attempt to again unify the heavyweight championship. No amount of support for Bruno can undermine their belief that he is in Las Vegas merely to provide Tyson with an opportunity to re-establish the reputation that once spread terror throughout the heavyweight division.

Returning to where we started, a confident personal assumption was that the fight would by now have gained some momentum, at least in the Las Vegas newspapers. Not a word, no sighting so far of the American boxing correspondents who have been made temporarily redundant by attention given to the basketball championships.

A curious fact is that while USA Today made no reference to the fight, it carried a story about the first game in qualification for the 1998 World Cup, a 3-2 draw between Dominica and Antigua. You may find this odd, in their time is no bad philosophy. ■ William Hill have taken a bet of £500 from one customer at 1-4 on Tyson to win.

Four-year wait for Australian Super League

Rugby League

DAVE HADFIELD

The worst fears of Rupert Murdoch's News Limited have been confirmed by a judge's ruling that Super League in Australia cannot start before the year 2000.

There is no legal barrier to the parallel Super League in Europe starting on schedule on 29 March, although there must be doubts now over whether Murdoch will pump money into the game here for four seasons while waiting to start up in Australia.

"As far as I am concerned we have won," said Ken Arthurson, the chairman of the Australian Rugby League, which has successfully fought off the attempt to set up a rebel competition.

News Limited is to appeal and the company is applying for a stay of the orders against it today, but its most gloomy prophecies have come true with the series of judgments handed down by Judge James Burchett in Sydney yesterday.

It has been ordered to send the players it signed back to their ARL clubs, although News Limited will have to continue to honour contract payments to those players.

The eight clubs which tried to break away to join Super League have been told they must "assemble, train and consistently field the best possible teams... in the national [ARL] competition until 31 December, 1999." In all probability, that marks the end of the Super League dream in Australia.

The implications for the rest of the world are partly contained in an order that says: "Super League players are banned from taking part in or promoting any game conducted by the Rugby Football League in England or including any of its clubs."

That not only appears to prevent News Limited having off any Australian Super League starting on schedule on 29 March, although there must be doubts now over whether Murdoch will pump money into the game here for four seasons while waiting to start up in Australia.

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'Hurricane' all blown out

Billiards

Alex "Hurricane" Higgins, the former world snooker champion, was declared to be too exhausted and unfit to play on the opening day of the World Matchplay Championship in Ballymena yesterday.

His fellow Irishman, John McEntee, received a walkover into round two after Higgins' manager, Doug Perry, faced

the organisers to say his player was "unfit to take part" because he was suffering from "complete exhaustion".

Mike Russell, the winner of the UK title at Wigan last week, opened his defence of the title with a comfortable 4-0 victory over Russia's only professional, Asot Potiyak.

The world No 3, Peter Gilchrist, also reached the last 16 with a 4-1 victory over Nalin Patel.

'Brawl' clubs face charges

Ice hockey

The British Ice Hockey Association is set to charge Durham Wasp and Humberstone Hawks with bringing the game into disrepute following the scenes that caused the abandonment of the championship play-off game in Sunderland, writes Gwilym Lloyd.

The Hawks led 1-0 when police stopped the game after just 58 seconds, arresting six players. Frank Dempster, the BIIA disciplinary chairman, said: "There's a chance we will charge both clubs with disrepute and we're looking at the role of the two coaches as well. They could face charges."

The decision to replay the game tomorrow night at either Nottingham or Blackburn has angered the Humberstone chairman, Terry Geraghty. "How can they make that decision? We're going to the BIIA on Thursday with our lawyers. They can't do anything before then. We want them [Wasps] banned."

As for possible legal action following the pre-match incident following the pre-match incident when the Hawks' coach, Bruce Bell, was allegedly set on by two Durham players, Geraghty has pledged full support for his player. "We will back him all the way through the courts," he said.

No one from the Durham club was available for comment.

Football

730 acres seized

EUROPEAN UNDER-21 CHAMPIONSHIP QUADRUPLE FINAL: LIESLE

UEFA European Under-21

</div

sport

The night that Ali and Frazier were as one

Ken Jones celebrates the 25th anniversary of a fascinating title fight that was 'among the most thrilling in boxing history'

On the way to hospital for an examination of his swollen jaw, Muhammad Ali awakened briefly from exhaustion to mutter: "Must have been a helluva fight. I'm sooo tired."

For once in a giddy, gaudy career that transcended sport, Ali understated. His loss to Joe Frazier at Madison Square Garden, New York on 8 March 1971 when challenging for the heavyweight championship was more than fatigue allowed him immediately to remember. More than just a helluva fight, it was among the most thrilling in boxing history.

Millions of television viewers worldwide sensed the excitement. "I don't know why people speak of Manila [the site, in 1975, of their third epic encounter], Frazier said last week, "because the first time was the biggest fight in the world. No fight can touch it. We were both undefeated and the atmosphere was tremendous. All the roads were jammed. People couldn't get into the city."

The novelist Budd Schulberg wrote: "When it was announced that two prize fighters, two black men, two heavyweight champions were to divide a purse of \$5m to decide which was the one true champion, a special excitement ran through the country, the big money excitement, for this was an event as significant to the *Wall Street Journal* as it was to *Ring magazine*."

There was the effect of Ali's cultural independence too, his strident presence a symbol of black consciousness. Stripped of the title in 1967, Ali had only recently returned from more than three years in exile and was still waiting for the US Supreme Court to rule on appeal against a five-year prison term imposed by the Department of Justice when he refused to be drafted for Vietnam.

Polarising opinion, Ali had become all things to all people – hero, traitor, scoundrel, ziel, bigot, philanderer, rabble-rouser prophet, but above all the most remarkable and charismatic sportsman the world has ever known.

The resurrection proved difficult. Despite the efforts of a persuasive cohort, Harold Conrad, state after



Muhammad Ali (left) and Joe Frazier, during their first meeting 25 years ago today. Frazier won on a unanimous decision.

state had refused Ali a licence when, astonishingly, permission came from racist Georgia. Coming back in Atlanta on 7 October 1970, Ali stopped Jerry Quarry in three rounds. A victory over Oscar Bonavena in New York two months later, one that saw the tough Argentinian floored three times before he was stopped in the 15th round, brought Ali into contention for Frazier's title.

With his ferocious Philadelphia-style hooking, Frazier was from the

old school, a no-nonsense champion and the antithesis of Ali. Frazier did not play his colour up or down. He concentrated on his work and stepped scrupulously aside from racial issues, ignoring the vibrant new militancy with which Ali was so closely identified. As a poor boy of just six, helping his father to scratch a living from parched fields, Frazier knew bigotry and discrimination and had a much tougher childhood than Ali, but he was content to pursue the American dream.

Thus, at a time of great social strife, he was a symbol of black conservatism.

Soon, it wasn't a fight any more,

it was a happening, but someone had to bring it all together. The mannequin was taken up by a Hollywood guru, Jerry Perenchio who didn't know a gunsmith from a gun protector.

Perenchio was brief in television, came of age with the medium, learned with others that the medium was the message. A hawk of happening, he latched on to one that the world would be watching and persuaded a G-men箇magine sports turf, Jack Kent Cooke to put up the money.

Differences in application, the irresistible contrast between speed

and power added to the fascination.

The powerful slugger, Frazier, who

had defeated Jimmy Ellis for the va-

can title, moving relentlessly forward,

unleashing murderous hooks. Ali,

brilliantly artful, each time con-

fronted with the ultimate problem of solving the style of the other.

Photograph: AP

Opposite: Arthur Morell, the man who was to have the record-breaking three hours before the fight, was beaten to the finish line by Frazier.

A sadness for Frazier, a joy for Ali, a lawyer and a loss of Frazier's children, is that his father and

Ali are better friends. "Dad has

respect for Ali but there isn't any

love there," she said.

You know who she means by

that. In the 1970s, when Ali was the

biggest star, he was the one really strong.

Ladejo leads Britain's chase for medals

It seems appropriate that the 24th European Indoor Athletics Championships, a stepping stone en route to this summer's Olympics, should be hosted by a city built on 14 linked islands.

But if the course is set, then for the runners at least the path is narrow. The track inside the Globe Arena here has only four tight lanes and is extremely sharp on the curves.

"It's like back to the old days of indoor running," said Malcolm Arnold, Britain's director of coaching. "When you finish running one bend and you are looking down to the next one it looks like a right angle." Or, as someone suggested, a left angle.

Whatever the angle, Du'Aine Ladejo, Britain's defending 400 metres champion, has revised his expectation of breaking Todd Bennett's national indoor record of 45.56sec.

Ladejo, who spent six years studying at an American college, has a seemingly inexhaustible capacity to be upbeat. Having said he hopes to beat the world champion, Michael Johnson, at this year's Olympics, he managed to formulate a positive take on the fact that the American has recently run 44.66sec indoors – nearly two seconds faster than his best this season. "It shows that he is not in any better nick than last year," he said.

But even Ladejo – second in the European list this year to

Mike Rowbottom, in Stockholm, looks at the weekend's European Indoor Championships

While both Ladejo and Frazier will defend their titles here, many of the leading Britons are absent either because of injury or a desire to concentrate on training for the Olympic outdoor season.

That has given other British talents the opportunity to raise their profiles in an event which began as the European Indoor Games in Dortmund 30 years ago.

Jason Gardener, a 20-year-old from Bath, goes into these

first compare to Luton's Jason Livingston, Darrell Campbell, Danny Joyce – all have felt the Christie mantle fall heavily on their shoulders and stagnated under the pressure.

In what is his first major international championship, Gardener, a quietly spoken 21-year-old from Bath, is attempting to remain light on his feet. "There is no pressure," he asserted. "As long as I run to the best of my ability I will be happy."

If this son of Jamaican and Irish parents does that, he has a good chance of retaining the title won for Britain two years ago by Colin Jackson, and two years before that by Livingston.

His main rivals appear to be Marc Blume, of Germany, who has run 45.56 this year, Ferman Ramírez of Norway (6.57), Peter Karlsson of Sweden and his fellow countryman, Jason John.

Considering he regularly trains

on a track in Melksham so poor it is not judged fit to hold meetings on, Gardener will no doubt regard the much-criticised Stockholmskam as relatively acceptable. Whether he will have any problems with the new ultra-sensitive Seiko timing system which causes such distress to many athletes at last year's World Championships remains to be seen. "I have never fast-started in my life," he said yesterday.

He accepts that British sprinters cannot live without reference to Christie, but says it is not necessarily a bad thing. "Having him around is good for me because he sets the standard. At the moment there are two different levels and I've got to try and establish myself." It was only two years ago that he won the European junior 100m title, something Britons have done on six out of the last seven occasions. None of those six have gone on to fulfil their potential. But that is a message Gardener, doing communication studies in his home city, is entitled to ignore. He has talent and time on his side.

For Kate Staples, Britain's pole vault record holder, this weekend offers the first chance to compete in an international championship.

Women's pole vaulting was officially recognised by the International Amateur Athletic Federation at the beginning of last year, and it will not be included in this summer's Olympics. As the Games get under way, Staples, now 30, will distract herself by filming another series of the TV show *Gladiators*, where she appears as her alter ego, Zodiac.

But she is determined to make the most of the first

championships where her event has been included, and hopes to improve her indoor record of 3.85m to beyond 4m with the help of a newly extended 4ft 6in pole.

While the women's record has been broken regularly this season – the world indoor mark currently stands to China's Sun Caiyun at 4.28m – Staples would have a chance of a medal if she can achieve her objective.

Staples' training partner, Nick Buckfield, faces a relatively harder task in his event, where the top seven performers in the world this year are European. But it gives him the ideal competitive environment in which to improve his recent British record of 5.61.

Judy Oakes has an outside chance of a medal in a shot put competition which features one of only two world champions to be competing here, Astrid Kumbernuss of Germany. The other is also a German, Alina Astafei, the high jumper.

Grant's gold in Paris, the first championship victory of his career, was no more than he deserved for his pioneering achievements in lifting British high jumping to world-class levels.

Although Norway's European outdoor champion, Steinar Hoen, appears a clear favourite, Grant – who has as much nerve and competitive spirit as any British athlete – looks sure to add to his medal collection.

Gardener taking the baton from Christie

When Jason Gardener was asked yesterday to comment on the fact that he is favourite to win today's 60m at the European Indoor Championships, he raised his eyebrows, took a deep breath, and composed himself, writes Mike Rowbottom.

Since the indoor match against Russia in January, when he won the 60m in a time of 6.55sec, which no European has yet bettered this season, Gardener has been sized up as Britain's Next Great Sprinter.

Given the experience of other young athletes similarly assessed in the past, you might think that those sprinters whom the gods seek to make mad, they

first compare to Luton's Jason Livingston, Darrell Campbell, Danny Joyce – all have felt the Christie mantle fall heavily on their shoulders and stagnated under the pressure.

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Nevertheless: uncertainty

about the English second row was one reason why the Irish delayed their selection from breakfast time yesterday to dimanche time – so as to see what Rowell had done first. If Bayfield were recalled, they would almost certainly recall their own discarded lock, Neil Francis. If not, Jerry Davison will continue.

Ireland also have a selection issue at centre, where the selectors are concerned about the flu virus that put Jonathan Bell out of the Northampton team who appeared in the guise of East Midlands against the Barbarians on Wednesday.

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Missile exercises: Washington accuses Peking of recklessness but maintains policy of constructive engagement

China warns US of Taiwan test site

TERESA POOLE
Taipei
JOHN CARLIN
Washington

destroyer have been added to the group, which will be in international waters between Taiwan and the Japanese island of Okinawa.

An *Aegis*-type cruiser, the *Bunker Hill*, has been positioned to the south of the Taiwan strait to monitor China's exercises. The nuclear-powered carrier *Nimitz* plus support ships will also arrive in the region "in about two weeks," according to the Pentagon. With all these vessels in place, the US force would include more than 10 carrier-based strike aircraft and ships with more than 200 Tomahawk cruise missiles.

Mr Christopher said the Chinese tests could have "grave consequences". China's actions, he said, "smack of intimidation and coercion. So it is a situation of great concern to us."

Anthony Lake, President Bill Clinton's national security adviser, said in a television interview that if the Chinese military exercises led to "accidents", Peking would be "held accountable". And he added: "We have also said that if they attack

Taiwan there will be grave consequences."

US officials have said that while they believe China's public assurances that it will not invade Taiwan, the decision to dispatch the naval task force had been guided by "prudence". However, the officials were at pains to stress that the US intended to maintain its policy of constructive engagement with China, described by Mr Christopher as a country "so important we must find some way to manage those areas of disagreement".

Mr Lake said the White House still planned to persuade US Congress to renew favourable trade conditions for China when a current agreement expires this summer.

Mr Qian, yesterday again blamed President Clinton's decision last year to grant a visa to Mr Lee as being the prime cause of the present escalating tension. But he also said that if the Taiwan leadership could "amend its ways . . . then the situation will be eased", hinting specifically that Peking has identified President Lee's campaign for a United Nations

seat for Taiwan as a key concern.

"Taiwan is part of China's territory, so how can it be eligible for the UN?" he said.

President Lee, who is

certain to win the elections, so far shown no sign of looking for compromises. Yesterday he said Taiwan would try "very carefully" but that Taiwanese "must unite and struggle on even if Communist China fires 100 missiles and 1,000 bullets to push Taiwan into a corner".

He told an election rally:

"We do not want to have confrontation or war with Communist China."

In the Taipei New Park,

which commemorates the victims of the 1947 massacre of native Taiwanese by the Nationalist Party, those at the monument yesterday lunchtime did not seem particularly concerned by recent events. "I do not worry, I do not think Peking will attack," said a 21-year-old student, Lin Shin-hue. But she added: "The US cannot help Taiwan. I think America is afraid of Peking."

In the capital Taipei, some

Taiwan academics and analysts were, however, voicing much greater fears. Tim Ting, the chief consultant for Gallup (Taiwan) and Professor of Sociology at the National Taiwan University, said: "A lot of people here believe things will go back to normal after the 23 March polls. I think that is ridiculous."

Dr Ting said he feared it was

"too late" to find a compromise

that would maintain the *status quo ante*.

"I think President Lee is happy to see the confrontation with China, and the US getting involved . . . He will continue his policy, there is

no retreat," he added.

Leading article, page 14



THE INDEPENDENT • TUESDAY 12 MARCH 1996

IN BRIEF

New Australian PM modifies royal oath

Sydney — John Howard, Australia's new Prime Minister, and a monarchist, declined to swear allegiance to the "heirs and successors" of the Queen when he took office. He pledged allegiance to the Australian people and the Queen in the ceremony before her representative in Australia, Governor-General Sir William Deane. Mr Howard opposed moves by his Labor predecessor, Paul Keating, to make Australia a republic by 2000, but he would not be drawn on the significance of his oath. *Reuter*

'Stalinist' warning

Sofia — Bulgaria's ruling Socialist Party was reviving the functions of the Stalinist state and restoring ties with the secret services. Andrei Lukyanov, a BSP deputy and businessman, said. The *Standard* daily quoted him as saying he had evidence pointing to a "return to Stalinist methods". *Reuter*

Help on the way

Rome — The United Nations World Food Programme said it had sent a second shipment of rice for flood victims in North Korea after its worst natural disaster, which struck last year. A cargo ship with 3,635 tons of rice bought in Thailand plus 903 tons on behalf of the aid organisation Caritas left Bangkok for the North Korean port of Nampo. *Reuter*

Peaceful gesture

Dushanbe — President Emomali Rahmonov said he favoured a UN plan to end the conflict between his hardline government and the Islamic opposition. He told parliament: "We must have political wisdom and resolve all issues by negotiations." The UN plan would restore political parties, including the opposition, reopen newspapers and establish a Congress of the People to advise the government. *AP*

Accident-prone

Cebu — At least a dozen people were injured when the floor collapsed in a room where Philippine officials were investigating a ferry sinking. The inquiry was being held in a government building in the central city of Cebu when the floor gave way and sent tables and other furniture crashing. Norberto Nepaungue, captain of the *Georgetown*, which sank near Cebu when the floor caved in. He was among those injured. *Reuter*

Tito's yacht for sale

Belgrade — A yacht that belonged to Yugoslavia's late Communist leader Josip Broz Tito will be put on auction for a starting price of \$2m (£1.3m). Montenegro's government said. The *Galeb* (*Seagull*) was extensively used by Tito during his 35-year rule. It was also former Yugoslavia's main training ship for navy cadets. It has 300 beds, two kitchens, a bakery, luxuriously decorated salons, hairdressers and a clinic. Its log says Tito spent 324 nights on board *Galeb*, built 60 years ago. Tito died in May 1980. *AP*

Koreans clamour for justice in the trial of two presidents

RICHARD LLOYD PARRY
Seoul

Seoul is freezing this week, and the touts had been queuing for three nights. They knew what

the tickets were worth — won (about £900).

For this sum, a little less than the average worker's monthly wage, you could buy a small square of blue paper, and a few hours in chamber 417 of the Seoul District Court. But more than one hundred people had camped out with the touts, and every other seat was taken. South Koreans have been waiting 16 years for the Kwangju trial and, every Monday for the rest of the month, it is going to be the greatest show in town.

Yesterday, at half past nine, to an angry roar from a few hundred demonstrators, three large buses arrived. Inside the gates, beyond the range of the egg-

temper of lawyers and guards.

The prison track suits were

anonymous but the faces were

instantly recognisable. First into

court were prisoner number

3124 and prisoner number 1042,

better known as Chun Doo

Hwan and Ron Iae Woo, for

merly the most powerful,

most feared, and now the most

hated men in South Korea.

The two former presidents

have appeared in court before,

but never under such com-

pelling circumstances: side by

side in the same dock, and on

the gravest of criminal charges

— mutiny and treason. Everyone

expects them to be convicted, al-

though it is unlikely a capital

sentence will be applied.

Chun and Iae were unpopu-

lar, but seemingly unassassable, one

more unpleasant aspect of the

country's turbulent past.

Chun, a former general who

seized power in 1979, was no

torious for having ordered the

bloody suppression of a civilian

uprising in the south-western city

of Kwangju five months later.

His successor, Roh, was also

implicated in the massacre. But

Roh had the distinction of intro-

ducing democracy to South

Korea, having defeated a di-

vided opposition in the first

presidential elections in 1988.

Five years later, he gave way to

the present President, Kim

Young Sam, a hero of the

democracy movement who had

been implicated in the massacre.

He had been expected to lose its

parliamentary majority. Having

snatched the opposition's main

complaint against him out of

their hands, Kim is looking, if

not safe, then stronger. He has

also placed a decisive distance

between himself and the slush

funds which, according to his

opponents, had directly bene-

fited him. T President speaks of

made disasters, overshadowed by

the constant threat from the

Stalinist regime in the North. South

Korea is never a predictable

place and Mr Kim's crusade has

caused quiet consternation

among the conservative estab-

lishment, particularly in the mil-

itary. But it has also tapped a vein

of powerful emotion among ordi-

nary Koreans, which may yet

be difficult to control.

"We've waited for 16 years,

and our suffering has never

stopped," said the mother of a

student killed at Kwangju.

"We've come here to take

pieces. We've come to take

just a piece of his body, not even

a bone will be left over."

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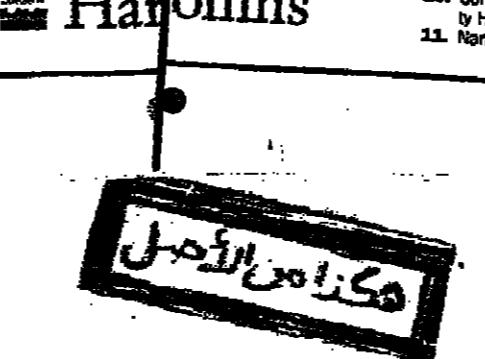
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INDEPENDENT



Rugby held in its own territory

Rugby surprised no one with a 12 per cent underlying fall in profits from its cement and joinery businesses – the markets it operates in have been awful for more than a year now. But it did manage to raise some eyebrows with a total exceptional charge of £26.9m, which blew a hole in results for the 12 months to December.

After that write-off, the pre-tax number slipped 40 per cent to £45.8m (£76.1m) and earnings per share fell a similar amount to 4.5p (8.1p), just about covering the year's dividend of 3.6p.

Most of the damage was caused at the famously difficult US distribution subsidiary, acquired at the wrong stage of the cycle and the cause of anguish ever since. The latest restructuring appears to be a root-and-branch revamp and an admission at last that it was a bad deal.

Elsewhere there is evidence that last year's resignation for health reasons of Rugby's long-standing chief executive, Peter Carr, is having a subtle effect on the group's strategic direction. The planned sale of the metal building products arm, which makes steel structures and reinforcing wire, is a welcome concentration on the core businesses. Some would say it is also about time too. Rugby has been well and truly overtaken by Blue Circle in the cement business and its margins are now half those of its bigger rival. Replacing half its capacity with new plant will help, but the effect won't be felt for two or three years. The cost of that, at about £100m, was outlined yesterday. It will necessitate another write-off of almost £10m.

In the doors and windows business, it is also hard to see where profits are going in a market still dogged by overcapacity.

The housing market is expected to pick up the second half of this year but the sort of anaemic recovery currently being forecast will hardly be enough to make up for the complacency which has arguably seen the company sitting for too long on its leading position in the industry.

On the basis of forecast profits of £7.5m this year and £87m next time, the shares, down 2p to 113p, stand on a prospective price/earnings ratio of 12.3. That is ahead of the sector, which seems demanding given the limited prospects, putting too much faith in what is a fairly attractive sales-to-price ratio, a good return on capital and strong balance sheet.

Rugby is touted as a potential bid-target because it has much better

cash flow than its earnings figures would suggest. That provides a floor to the shares, but with a sub-market yield (a legacy of the parsimonious Mr Carr) and no clear strategic view, they are likely to remain flat.

Sports brands lead at Pentland

Pentland has built a portfolio of some of the best-known brands in sports, including Speedo swimwear, Berghaus outdoor clothing and Ellesee shoes. That is the glamorous side of the business and it has forged ahead; there is an ugly sister too, however, and it has been letting the side down.

Pentland's other division is consumer products which includes three businesses that make electrical appliances, greeting cards and wrapping paper. Last year all three had a torrid time.

In the full year to December, pre-tax profits were flat at £38m on sales 19 per cent higher at £753m. While profits at the footwear, clothing and sports division jumped from £4.5m to £18m in the year to December, profits

in consumer products slumped £9m to £7.6m. Interest receivable, their peak of 14.6p last August and fell on lower cash balances of £40m a further 2p to 10.3p yesterday.

The fan heater business was hit by soaring plastic prices and while sales were up by 50 per cent, margins were squeezed.

Wood Industries, an American business which supplies electric accessories to the DIY market, has been affected by retailers running down their stocks as well as higher material prices.

Hanson White, the greeting card and gift wrap business was put under pressure by intense competition and higher paper prices.

Pentland is now conducting a strategic review which might see the disposal of these businesses. Some analysts expect a sale this year though as all three are profitable there is plainly no rush.

Of the sports brands, Pentland has high hopes of Speedo this year due to exposure at the Olympic games. Authentic Fitness Corporation, the Speedo licensee listed in New York, increased its contribution to Pentland's profits by 41 per cent last year to £6m.

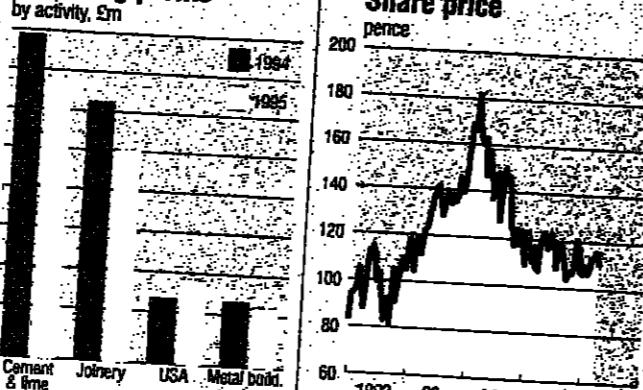
Mitre, the supplier of footballs which was acquired last year for £9.5m is not expected to make a profit until 1997 both sales and profits.

Rugby: at a glance

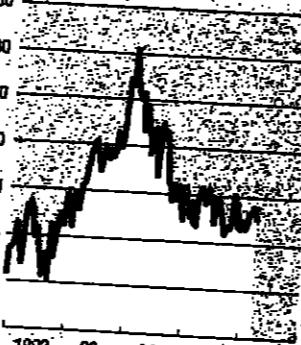
Market value: £729.8m, share price 114p

Five year record	1991	1992	1993	1994	1995
Turnover (£bn)	0.53	0.65	0.76	1.01	1.14
Pre-tax profits (£m)	57.4	57.6	63.6	76.1	45.8
Earnings per share (pence)	6.6	6.6	7.3	8.1	4.5
Dividends per share (pence)	3.23	3.23	3.39	3.60	3.6

Operating profits by activity, £m



Share price



Source: Bloomberg

Fairey remains bullish

RUSSELL HOTTEN

Fairey Group, the specialist electronics and engineering company, remained bullish about its prospects in 1996 despite warning yesterday that the general economic environment was getting worse.

The company, which reported pre-tax profits up 35 per cent, said it would be protected against any economic slowdown by its expansion in Asian and American markets.

In January Fairey, chaired by BICC's Sir Robin Biggam, paid

£50m for Particle Measuring Systems, a US high-tech company that makes instruments for the microchip industry to detect contamination.

Pre-tax profits in the year to 31 December rose from £25.8m to £34.3m, on sales up 35 per cent to £196.5m, bang in line with City expectations. Sir Robin said: "The combination of organic growth and development by acquisition has again enabled Fairey to move forward in a very positive way. These figures reflect an improvement in all business sectors."

Memory shares dip further

Shares in Memory Corp, the AIM-listed microchip repairer, continued their slide yesterday, on investor fears of a sharp decline in profits, writes Mathew Horsman.

From a high of 555p last September, the shares plunged to 135p at one point yesterday, recovering modestly to close at 142p, down 13p on the day. The drop follows a single-week rout of 215p last week, as the shares appeared to be in free-fall.

The drop has infuriated investors who subscribed to a placement of 1.2 million shares at 420p last autumn, just before a computer-chip price war was launched by US giant Intel. Prices for chips have dropped by 60 per cent since then.

Memory was relentless promoted as one of AIM's clear success stories: a high-tech stock with a clear market niche. Floated in 1994 at 45p, it joined AIM in September last year.

The Scottish-based company buys defective chips, repairs them and creates refurbished boards for computer manufacturers. It had initially estimated the value of the market by 2000 to be £20bn, but that is sure to drop.

Memory also suffered production delays that affected results in 1995. That year, the company posted a loss of 11.95m.

Result. The market had expected an improved out-turn. As foreshadowed, pre-tax profits emerged at £113.2m before the exceptional charge, up 8 per cent from 1994's £23.5m. The fall occurred despite an 11 per cent jump in sales to £1.08bn, underlying the squeeze in margins affecting the second half of the year.

Mr Leng confirmed the group's restructuring, which

within weeks of his arrival had

in the departure of its former

chief executive and finance director.

A detailed strategic review has been concluded which

affirms our confidence in the

future. A vigorous action plan

to rationalise and refocus the

business and to reduce costs is now

under way. The group's 100

vestors just weeks after his arrival will be closed as

part of the rationalisation. The

year would be below 1994's about 300 employees los-

ing their jobs. Full benefits of the restructuring are not expected before next year.

Like many of its peers, La-

porte was hit in 1995 by violent

swings in the price of its raw

materials.

The confirmation of last

year's warning closes a difficult

period for Laporte, which saw

its reputation dented by the un-

expected trading statement. Its

shares fell 180p on the day of

the announcement to a low for

1995 of 613p, although they

have since recovered to 683p,

down 7p yesterday.

Before the exceptional

charge, earnings per share fell

10 per cent to 41.5p from 46.1p,

while including it the decline

was a more dramatic 91 per cent

to 4.3p. Despite the fall, Laporte

is recommending an unchanged

final dividend of 14.5p, to make

a total for the year of 23p, up

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